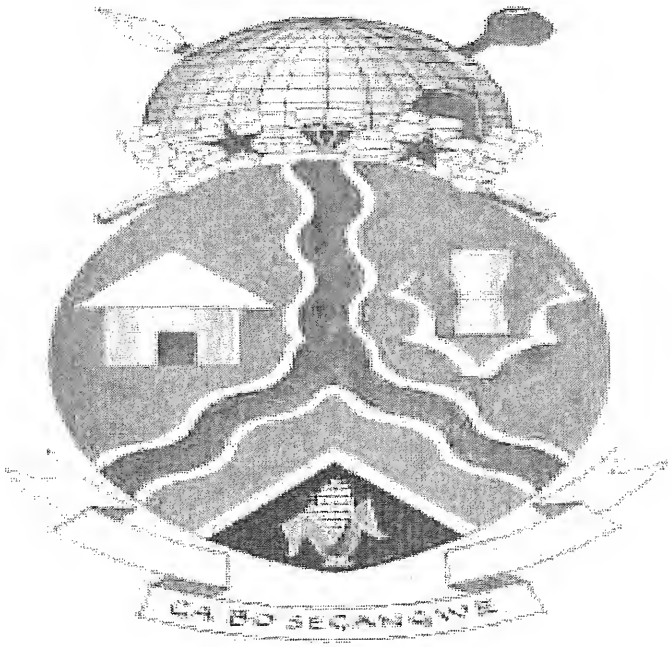
Siyancuma
MUNICIPALITY



(These statements have not been audited)

FINANCIAL STATEMENTS

30 JUNE 2019

SIYANCUMA LOCAL MUNICIPALITY

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SIYANCUMA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Siyancuma Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

EXECUTIVE MAYOR

PJ Mcklein

SPEAKER

JH. George

CHIEF WHIP

A. Oliphant

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	*PJ Mcklein*
Executive Councillor	*SJ Mosetle*
Executive Councillor	LC van Niekerk

MUNICIPAL MANAGER

MF Fillis

CHIEF FINANCIAL OFFICER

CC Zealand

REGISTERED OFFICE

7 Charl Cilliers Street	*P.O. Box 27*
Douglas	*Douglas*
8730	*8730*

GRADING

Grade 2
Medium Capacity

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA Bank, Douglas | *Standard Bank, Douglas* | First National Bank, Douglas

ATTORNEYS

Herman van Heerden Attorneys

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
Collective Agreements
Division of Revenue Act
Electricity Act (Act no 41 of 1987)
Employment Equity Act (Act no 55 of 1998)
Housing Act (Act no 107 of 1997)
Infrastructure Grants
Municipal Budget and Reporting Regulations
Municipal Finance Management Act (Act no 56 of 2003)
Municipal Planning and Performance Management Regulations
Municipal Property Rates Act (Act no 6 of 2004)
Municipal Regulations on Standard Chart of Accounts
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
SALBC Leave Regulations
Skills Development Levies Act (Act no 9 of 1999)
Supply Chain Management Regulations, 2005
The Income Tax Act
Unemployment Insurance Act (Act no 30 of 1966)
Value Added Tax Act
Water Services Act (Act no 108 of 1997)

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	*JH George*
2	*PJ Mc Klein*
3	*SJ Mosetle*
4	*L van Wyk*
4	*LC Van Niekerk*
5	*GF Morolong*
6	*DV Duiker*
7	*A Oliphant*
Proportional	*KJ Apie*
Proportional	*DV Smous*
Proportional	*EM Fish*
Proportional	*TM Tamboer*

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 1 to 102 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2020 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis and the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

MF Fillis
Municipal Manager (Acting)

28 August 2019
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
ASSETS			
Non-Current Assets		**412 858 628**	**397 598 101**
Property, Plant and Equipment	2	408 666 555	392 612 084
Intangible Assets	3	271 609	273 018
Biological Assets	4	102 614	249 763
Capitalised Restoration Cost	5	3 726 878	4 344 257
Operating Lease Asset	10	90 973	118 979
Current Assets		**41 111 563**	**28 318 235**
Inventory	6	2 774	1 720
Trade Receivables from exchange transactions	7	16 106 043	13 588 098
Other Receivables from non-exchange transactions	8	4 033 382	2 204 758
Taxes	11	14 339 154	11 309 913
Cash and Cash Equivalents	12	6 630 211	1 213 746
Total Assets		**453 970 192**	**425 916 336**
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		**39 964 213**	**119 174 399**
Long-term Liabilities	13	6 700 348	7 764 969
Employee benefits	14	19 340 371	19 642 278
Non-Current Provisions	15	13 132 644	11 782 747
Non-Current Payables From Exchange Transactions	19	790 850	79 984 404
Current Liabilities		**205 601 684**	**87 946 554**
Consumer Deposits	16	183 310	180 171
Current Employee benefits	17	5 486 499	5 777 375
Provisions	18	11 713 152	10 792 676
Payables From Exchange Transactions	19	168 420 343	52 385 343
Unspent Conditional Government Grants and Receipts	20	16 943 651	16 136 161
Current Portion of Long-term Liabilities	13	2 854 729	2 674 827
Total Liabilities		**245 565 897**	**207 120 952**
Net Assets		**208 404 296**	**218 795 384**
Accumulated Surplus		208 404 296	218 795 384
Total Net Assets and Liabilities		**453 970 193**	**425 916 336**

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (Actual) R	2018 (Restated) R	Correction of error R	2018 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		**97 401 750**	**83 098 302**	**534 200**	**82 564 101**
Taxation Revenue		**12 655 083**	**11 810 553**	(151 714)	**11 962 268**
Property taxes	21	12 655 083	11 810 553	(151 714)	11 962 268
Transfer Revenue		**79 562 284**	**66 440 570**	685 915	**65 754 655**
Government Grants and Subsidies - Capital	22	26 619 695	14 583 775	685 915	13 897 861
Government Grants and Subsidies - Operating	22	51 821 630	46 388 022	-	46 388 022
Public Contributions and Donations	23	1 120 958	5 468 773	-	5 468 773
Other Revenue		**5 184 384**	**4 847 178**	-	**4 847 178**
Fines		3 114 970	2 789 177	-	2 789 177
Licences and Permits		5 351	71 345	-	71 345
Actuarial Gains	14	1 889 286	1 986 657	-	1 986 657
Contributed PPE	24	174 777	-	-	-
Revenue from Exchange Transactions		**81 195 655**	**64 229 711**	69 575	**64 160 136**
Service Charges	25	78 166 885	60 434 389	48 487	60 385 902
Rental of Facilities and Equipment		348 582	270 447	21 088	249 359
Interest Earned - external investments		322 755	640 237	-	640 237
Interest Earned - outstanding debtors		784 379	752 030	-	752 030
Agency Services		441 439	1 035 199	-	1 035 199
Other Income	26	1 131 615	1 097 409	-	1 097 409
Total Revenue		**178 597 405**	**147 328 013**	**603 775**	**146 724 238**
EXPENDITURE					
Employee related costs	27	59 878 990	57 036 641	1 131 967	55 904 674
Remuneration of Councillors	28	5 034 767	4 961 607	-	4 961 607
Bad Debt Written off	29	12 002 390	30 896 973	-	30 896 973
Depreciation and Amortisation	35	11 325 164	10 263 360	(15 191)	10 278 551
Repairs and Maintenance		2 241 352	1 647 814	-	1 647 814
Finance Charges	32	21 506 060	17 863 739	138 250	17 725 489
Bulk Purchases	33	40 911 455	37 777 588	-	37 777 588
Stock Adjustments	33	67 524	81 457	-	81 457
Other Operating Grant Expenditure	34	-	-	(1 191 946)	1 191 946
General Expenses	36	21 292 086	23 826 633	75 599	23 751 034
Total Expenditure		**174 259 789**	**184 355 811**	138 679	**184 217 132**
Operating Surplus/(Deficit) for the Year		**4 337 615**	**(37 027 798)**	**465 096**	**(37 492 894)**
(Debt Impairment) / Reversal of Debt Impairment on Receivables	30	(14 298 168)	9 484 079	-	9 484 079
Gains/(Loss) on Sale of Property, Plant and Equipment	2	(283 104)	883 148	-	883 148
Gains/(Loss) on disposal of Intangible Assets	3	(289)	(7 101)	-	-7 101
Gains/(Loss) on disposal of Biological assets	4	(117 112)	(49 735)	-	-49 735
Reversal of Impairment Loss/(Impairment Loss) on Property, Plant and Equipment	31	-	(599 730)	-	(599 730)
Change in fair value of biological assets	4	(30 037)	80 362	-	80 362
NET SURPLUS/(DEFICIT) FOR THE YEAR		**(10 391 095)**	**(27 236 774)**	**465 096**	**(27 701 870)**

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance at 1 July 2017		**246 793 143**	**246 793 143**
Correction of error	37.09	-760 985	-760 985
Restated Balance at 1 July 2017		**246 032 158**	**246 032 158**
Net Surplus for the year		-27 701 870	-27 701 870
Correction of error	37.10	465 096	465 096
Restated Balance at 1 July 2018		**218 795 384**	**218 795 384**
Net (Deficit) for the year		-10 391 095	-10 391 095
Rounding		7	7
Balance at 30 June 2019		**208 404 296**	**208 404 296**

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates, penalties & collection charges		12 655 083	11 810 553
Service charges		54 932 249	67 562 571
Other revenue		6 162 915	8 700 147
Government - operating		51 952 815	46 538 259
Government - capital		27 296 000	29 651 693
Interest		1 107 134	1 392 268
Payments			
Suppliers and employees		(100 548 978)	(135 956 063)
Finance charges		(21 506 060)	(17 863 739)
Transfers and Grants		-	-
Net Cash from Operating Activities	**38**	**32 051 158**	**11 835 690**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**2**	(24 114 963)	(13 702 797)
Proceeds on Disposal of Fixed Assets		9 177	2 293 305
Proceeds on Disposal of Investment Properties		-	-
Purchase of Intangible Assets	**3**	(91 450)	(5 544)
Proceeds on Disposal of Biolocial Assets	**4**	234 225	99 469
Net Cash from Investing Activities		**-23 963 011**	**(11 315 567)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans raised		-	-
Loans (repaid)		(2 674 827)	(1 721 716)
(Increase)/Decrease in Long-term Receivables		-	-
Increase/(Decrease) in Non-Current Provisions		-	-
Increase/(Decrease) in Consumer Deposits		3 139	(7 214)
Rounding		7	(1)
Net Cash from Financing Activities		**(2 671 681)**	**-1 728 931**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5 416 466**	**-1 208 808**
Cash and Cash Equivalents at the beginning of the year		1 213 746	2 422 554
Cash and Cash Equivalents at the end of the year	**39**	6 630 211	1 213 746
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5 416 465**	**-1 208 808**

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Buget)	2019 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	6 279 914	-	6 279 914	
Call investment deposits	350 297	-	350 297	
Consumer debtors	30 445 197	17 755 303	12 689 894	No payment culture of consumers
Other Receivables	4 033 382	18 303 623	(14 270 241)	The allowance for doubtful debts is higher than anticipated.
Inventory	2 774	350 000	(347 226)	The stores burned down and inventory stores dismantled
Total current assets	41 111 563	36 408 926	4 702 637	
Non current assets				
Long-term receivables	90 973	-	90 973	
Investment property	-	-	-	
Property, plant and equipment	412 393 433	463 045 000	(50 651 567)	Assets write off, finalisation of projects didn't realise
Biological Assets	102 614	200 000	(97 386)	
Intangible Assets	271 609	375 000	(103 391)	
Total non current assets	412 858 628	463 620 000	(50 761 372)	
TOTAL ASSETS	453 970 192	500 028 926	(46 058 734)	
LIABILITIES				
Current liabilities				
Borrowing	2 854 729	1 542 115	1 312 615	
Consumer deposits	183 310	200 000	(16 690)	
Trade and other payables	185 363 994	149 155 000	36 208 994	With envisaged payments of creditors outstanding liabilities should have been less
Provisions and Employee Benefits	17 199 650	15 941 819	1 257 831	Actuarial report
Total current liabilities	205 601 684	196 192 008	9 409 676	
Non current liabilities				
Borrowing	6 700 348	643 438	6 056 910	More smart meters installed
Provisions and Employee Benefits	32 473 015	35 385 992	(2 912 977)	Actuarial report
Total non current liabilities	39 173 363	36 029 430	3 143 933	
TOTAL LIABILITIES	244 775 047	232 221 439	12 553 608	
NET ASSETS	251 475 395	267 807 487	(16 332 092)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	208 404 296	267 807 487	(59 403 192)	
TOTAL COMMUNITY WEALTH/EQUITY	208 404 296	267 807 487	(59 403 192)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Buget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	-	-	
Call investment deposits	-	-	-	
Consumer debtors	17 755 303	-	17 755 303	
Other Receivables	18 303 623	-	18 303 623	
Inventory	350 000	-	350 000	
Total current assets	36 408 926	-	36 408 926	
Non current assets				
Investment property	-	-	-	
Property, plant and equipment	458 045 000	-	458 045 000	
Biological Assets	200 000	-	200 000	
Intangible Assets	375 000	-	375 000	
Other non-current assets	5 000 000	-	5 000 000	
Total non current assets	463 620 000	-	463 620 000	
TOTAL ASSETS	500 028 926	-	500 028 926	
LIABILITIES				
Current liabilities				
Bank overdraft	37 169 494	(7 816 419)	29 353 074	
Borrowing	1 542 115	-	1 542 115	
Consumer deposits	200 000	-	200 000	
Trade and other payables	149 155 000	-	149 155 000	
Provisions and Employee Benefits	15 941 819	-	15 941 819	
Total current liabilities	204 008 428	(7 816 419)	196 192 008	
Non current liabilities				
Borrowing	643 438	-	643 438	
Provisions and Employee Benefits	35 385 992	-	35 385 992	
Total non current liabilities	36 029 430	-	36 029 430	
TOTAL LIABILITIES	240 037 858	(7 816 419)	232 221 439	
NET ASSETS	259 991 068	7 816 419	267 807 487	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	259 991 068	7 816 419	267 807 487	
TOTAL COMMUNITY WEALTH/EQUITY	259 991 068	7 816 419	267 807 487	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Buget)	2019 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	12 655 083	12 767 140	(112 057)	
Service charges	78 166 885	75 273 742	2 893 143	Installation of pre paid meters ensured accurate readings
Rental of facilities and equipment	348 582	515 104	(166 522)	Enisaged more incme from Holiday reosrt and commonage leases
Interest earned - external investments	322 755	263 000	59 755	Slow spending on conditional grants results in money being invested
Interest earned - outstanding debtors	784 379	1 000 000	(215 621)	Interest was stopped where agreements are in place
Fines	3 114 970	3 636 288	(521 318)	Potential income from fines did not realise
Licences and permits	5 351	120 980	(115 629)	Decline in traffic licence income
Agency services	441 439	434 160	7 279	
Government Grants and Subsidies - Operating	52 942 588	49 479 000	3 463 588	R2000000 was received from Pixley ka Seme as well as a donation received
Other revenue	3 165 641	883 635	2 282 006	Actuarial gains and contributed PPE included
Gains on disposal of PPE	5 218	-	5 218	Not budgeted for gain on disposal
Total Operating Revenue	151 952 890	144 373 048	7 579 842	
EXPENDITURE BY TYPE				
Employee related costs	59 878 990	64 802 397	(4 923 407)	Decline in Acting- , standby allowance and overtime. Provision for a permanent MM
Remuneration of councillors	5 034 767	4 918 679	116 088	
Debt impairment	26 300 557	15 104 180	11 196 377	Smart meters didn't realise income as envisaged
Depreciation & asset impairment	11 325 164	11 617 000	(291 836)	
Finance charges	21 506 060	5 217 634	16 288 427	Interest on Eskom account not budgeted for
Bulk purchases	40 978 980	42 400 000	(1 421 020)	
Other materials	-	5 029 000	(5 029 000)	Budget allocation
Contracted services	-	10 193 000	(10 193 000)	Budget allocation
Grants and subsidies paid	-	-	-	
Other expenditure	23 533 439	25 125 975	(1 592 536)	
Loss on disposal of PPE	405 434	-	405 434	Do not budget for loss on disposal
Total Operating Expenditure	188 963 391	184 407 865	4 555 526	
Operating Deficit for the year	(37 010 501)	(40 034 817)	3 024 316	
Government Grants and Subsidies - Capital	26 619 695	28 855 000	(2 235 305)	MIG and WSIG withheld
Net Deficit for the year	(10 390 806)	(11 179 817)	789 011	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Buget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	13 056 140	(289 000)	12 767 140	
Property rates - penalties & collection charges	-	-	-	
Service charges	67 760 024	7 513 718	75 273 742	
Rental of facilities and equipment	433 950	81 154	515 104	
Interest earned - external investments	263 000	-	263 000	
Interest earned - outstanding debtors	526 000	474 000	1 000 000	
Dividends received	-	-	-	
Fines	3 636 288	-	3 636 288	
Licences and permits	120 980	-	120 980	
Agency services	1 136 160	(702 000)	434 160	
Government Grants and Subsidies - Operating	49 479 000	-	49 479 000	
Other revenue	807 807	75 828	883 635	
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	137 219 348	7 153 700	144 373 048	
EXPENDITURE BY TYPE				
Employee related costs	65 096 116	(293 719)	64 802 397	
Remuneration of councillors	4 918 679	-	4 918 679	
Debt impairment	15 104 180	-	15 104 180	
Depreciation & asset impairment	11 617 000	-	11 617 000	
Finance charges	5 217 634	-	5 217 634	
P Bulk purchases	42 400 000	-	42 400 000	
Other materials	5 004 000	25 000	5 029 000	
Contracted services	10 613 000	(420 000)	10 193 000	
Grants and subsidies paid	-	-	-	
Other expenditure	25 099 975	26 000	25 125 975	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	185 070 584	-662 719	184 407 865	
Operating Surplus/(Deficit) for the year	(47 851 236)	7 816 419	(40 034 817)	
Government Grants and Subsidies - Capital	28 855 000	-	28 855 000	
Net Surplus/(Deficit) for the year	(18 996 236)	7 816 419	(11 179 817)	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Buget)	2019 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	12 655 083	10 808 719	1 846 364	Budget excludes income foregone and free basic service component
Service charges	54 932 249	65 109 738	(10 177 489)	Economic decline, consumers has a culture of non payment
Other revenue	6 162 915	5 590 166	572 749	
Government - operating	51 952 815	49 479 000	2 473 815	Additional amount received from Pixley ka Seme and cointribu
Government - capital	27 296 000	-	27 296 000	
Interest	1 107 134	1 263 000	(155 866)	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(100 548 978)	(152 469 051)	51 920 073	Envisaged larger payment of creditors
Finance charges	(21 506 060)	(5 217 634)	(16 288 427)	Eskom Finance charges not budgeted for
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	32 051 158	-25 436 061	57 487 219	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	243 401	28 855 000	(28 611 599)	Relates to the capital conditional grants, wrong allocation
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(24 206 413)	(31 026 000)	6 819 587	Rollover amount on MIG - capital not spent
NET CASH FROM/(USED) INVESTING ACTIVITIES	-23 963 011	(2 171 000)	-21 792 011	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	3 139	10 000	(6 861)	
Payments				
Repayment of borrowing	(2 674 827)	(1 856 014)	(818 814)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-2 671 688	(1 846 014)	-825 675	
NET INCREASE/(DECREASE) IN CASH HELD	5 416 458	(29 453 074)	34 869 533	
Cash and Cash Equivalents at the beginning of the year	1 213 746	100 000	1 113 746	
Cash and Cash Equivalents at the end of the year	(6 630 211)	(29 353 074)	22 722 863	

SIYANCUMA LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates, penalties & collection charges	11 097 719		10 808 719	
Service charges	57 596 020		65 109 738	
Other revenue	6 135 184	(545 018)	5 590 166	
Government - operating	49 479 000	-	49 479 000	
Government - capital	-	-	-	
Interest	789 000	474 000	1 263 000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(153 131 770)	662 719	(152 469 051)	
Finance charges	(5 217 634)	-	(5 217 634)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	-33 252 480	591 701	-25 436 061	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	28 855 000	-	28 855 000	
P Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(31 026 000)	-	(31 026 000)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2 171 000)	-	(2 171 000)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	10 000	-	10 000	
Payments				
Repayment of borrowing	(1 856 014)	-	(1 856 014)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-1 846 014	-	(1 846 014)	
NET INCREASE/(DECREASE) IN CASH HELD	(37 269 494)	591 701	(29 453 074)	
Cash and Cash Equivalents at the beginning of the year	100 000	-	100 000	
Cash and Cash Equivalents at the end of the year	(37 169 494)	7 816 419	(29 353 074)	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework , have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements..

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2018/19 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

Standard	Description	Effective Date
GRAP 20 **(Original – June 2011)**	**Related Party Disclosure** The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	**1 April 2019**
GRAP 32 **(Original – Aug 2013)**	**Service Concession Arrangements: Grantor** The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public sector entity. No significant impact expected as any such transactions or events are expected in the foreseeable future.	**1 April 2019**
GRAP 34 **(Revised – April 2019)**	**Separate Financial Statements** The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**
GRAP 35 **(Revised – April 2019)**	**Consolidated Financial Statements** The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	**Unknown**

GRAP 36 (Revised – April 2019)	Investments in Associates and Joint Ventures The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 37 (Revised – April 2019)	Joint Arrangements The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements) No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 38 (Revised - April 2019)	Disclosure of Interest in Other Entities The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 104 (Revised – April 2019)	Financial Instruments The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 108 (Original – Sept 2013)	Statutory Receivables The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.	1 April 2019

	The Municipality has revolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	
GRAP 109	Accounting by Principles and Agents The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2019
IGRAP 17	**Service Concession Arrangements where a grantor controls a significant residual interest in an Asset** The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No such transactions or events are expected in the foreseeable future.	**Unknown**
IGRAP 18	Recognition and Derecognition of Land The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements. No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	1 April 2019
IGRAP 19	Liabilities to Pay Levies The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19. No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. LEASES

1.9.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible

assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.9.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.11. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.12. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the

effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented.

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

1.14.1 *Post Retirement Medical Obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – "Employee Benefits" (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was

calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.14.4 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.5 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.6 Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid

contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.14.7 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and

- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). It the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major

spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		*Years*
Infrastructure		**Other**	
Road network	2-78	Air Conditioners	2-10
Stormwater network	13-78	Chairs	2-10
Electricity network	2-50	Electronic equipment	2-9
Water network	2-99	Motor Vehicles	7
Sanitation network	3-99	Furniture and fittings	2-26
		Office Equipment	2
Buildings		Trailers	2-5
Buildings	45-96	Tables and Desks	2-17
		Tractors	1-5
Community		Trucks	1-10
Recreational Facilities	90	Works Equipment	2-10
Halls	45-90	Computer Hardware	2-5
Libraries	23-90	Landfill sites	1-3
Leased Assets			
Office equipment	1.5 - 10		
Water network	10		
Electricity network	10		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiable criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is

initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	1-5

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Investment Property	Years
Buildings	30

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18 HERITAGE ASSETS

1.18.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.18.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.18.3 Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.18.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.19 BIOLOGICAL ASSETS

1.19.1 Initial Recognition

A biological asset or agricultural produce is recognised when, and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.19.2 Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry at hunting prices. Game is considered to be consumable/bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is recognised in the Statement of Financial Performance for the period in which it arises.

1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.20.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.20.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information
- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information
- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.21. INVENTORIES

1.21.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.21.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.22. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both form exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.22.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.22.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.22.2.1 *Receivables*

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred

to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.22.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.22.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.22.2.4 *Non-Current Investments*

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.22.3 De-recognition of Financial Instruments

1.22.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.22.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.22.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.23. REVENUE

1.23.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent

that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.23.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. . The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.24. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

(a) are married or live together in a relationship similar to a marriage; or
(b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

(a) all members of the governing body of the Municipality;
(b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
(c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
(d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

(a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

(b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer an all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.25. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government,

municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.29. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.29.1 Post-retirement medical obligations and Long service awards

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about

discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 3 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.29.2 Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.29.3 Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.29.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.29.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuators to support the useful life of buildings.

1.29.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.29.7 Revenue Recognition

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.29.8 Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.29.9 Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.29.10 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.29.11 Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.29.12 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.30. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.31. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.32. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	R
30 June 2019											
Land and Buildings	21 785 728	-	-	-	21 785 728	388 006	34 967	-	-	422 973	21 362 755
Land	18 319 624	-	-	-	18 319 624	-	-	-	-	-	18 319 624
Buildings	3 466 104	-	-	-	3 466 104	388 006	34 967	-	-	422 973	3 043 131
Infrastructure	425 995 851	24 044 853	-	-417 227	449 623 476	99 873 449	7 190 586	-	-128 905	106 935 130	342 688 347
Road Network	96 624 114	-	-	-	96 624 114	36 248 962	1 770 253	-	-	38 019 215	58 604 899
Sanatation Network	95 575 943	-	-	-	95 575 943	22 385 699	1 448 771	-	-	23 834 469	71 741 473
Electricity Network	74 274 734	245 837	4 791 955	-359 228	78 953 298	14 636 861	1 763 008	-	-119 399	16 280 470	62 672 828
Water Network	145 639 587	45 420	-	-57 999	145 627 007	26 014 226	2 165 559	-	-9 506	28 170 279	117 456 728
Stormwater Network	2 571 535	-	-	-	2 571 535	587 701	42 995	-	-	630 696	1 940 839
Work-in-Progress	11 309 938	23 753 596	-4 791 955	-	30 271 580	-	-	-	-	-	30 271 580
Community Assets	33 684 517	-	-	-	33 684 517	452 062	32 874	-	-	484 936	33 199 581
Library	466 394	-	-	-	466 394	47 457	5 097	-	-	52 555	413 839
Cemetary	176 000	-	-	-	176 000	-	-	-	-	-	176 000
Commonage	21 101 000	-	-	-	21 101 000	-	-	-	-	-	21 101 000
Community Halls	1 264 123	-	-	-	1 264 123	130 554	12 524	-	-	143 078	1 121 045
Game Farm	8 171 000	-	-	-	8 171 000	-	-	-	-	-	8 171 000
Holiday Resort	1 195 000	-	-	-	1 195 000	119 513	8 061	-	-	127 574	1 067 426
Sport Facilities	1 311 000	-	-	-	1 311 000	154 537	7 192	-	-	161 729	1 149 271
Lease Assets	12 501 344	1 790 109	-	-	14 291 453	3 800 807	1 970 176	-	-	5 770 983	8 520 470
Office Equipment	6 061 872	-	-	-	6 061 872	3 542 468	1 193 671	-	-	4 736 138	1 325 734
Electricity Network	131 656	1 517 766	-	-	1 649 421	10 713	121 495	-	-	132 208	1 517 213
Water Network	6 307 817	272 343	-	-	6 580 160	247 627	655 010	-	-	902 637	5 677 523
Other Assets	8 767 171	244 887	-	-11 935	9 000 123	5 608 203	504 783	-	-8 266	6 104 721	2 895 402
Air Conditioner	437 207	-	-	-	437 207	298 636	26 997	-	-	325 633	111 574
Chairs	289 051	-	-	-	289 051	199 070	17 795	-	-	216 866	72 185
Electronic Equipment	696 538	40 390	-	-844	736 084	442 970	71 037	-	-95	513 912	222 172
Motor Vehicles	131 491	-	-	-	131 491	36 080	8 344	-	-	44 425	87 067
Furniture & Fittings	592 094	-	-	-	592 094	404 978	34 554	-	-	439 532	152 562
Office Equipment	6 298	-	-	-	6 298	5 935	123	-	-	6 058	240
Trailers	89 746	-	-	-	89 746	73 038	2 935	-	-	75 972	13 773
Tables and desks	183 936	-	-	-	183 936	125 422	8 544	-	-	133 966	49 970
Tractors	200 000	-	-	-	200 000	155 218	7 956	-	-	163 174	36 826
Trucks	4 356 132	-	-	-	4 356 132	2 476 567	191 498	-	-	2 668 065	1 688 066
Works Equipment	418 253	176 342	-	-	594 595	367 597	19 622	-	-	387 219	207 377
Computer hardware	1 366 425	28 154	-	-11 090	1 383 489	1 022 693	115 377	-	-8 171	1 129 899	253 590
	502 734 611	26 079 848	-	-429 162	528 385 297	110 122 527	9 733 387	-	-137 171	119 718 743	408 666 555

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value		Cost				Accumulated Depreciation					Carrying Value
		Opening Balance R	Additions R	Work-in-progress	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	R
30 June 2018												
Land and Buildings		22 252 728	-	-	-467 000	21 785 728	433 226	38 354	-	-83 574	388 006	21 397 722
Land		18 319 624	-	-	-	18 319 624	-	-	-	-	-	18 319 624
Balance previously reported		18 007 624	-	-	-	18 007 624	-	-	-	-	-	18 007 624
Correction of error - Note	37.06	312 000	-		-	312 000	-	-	-	-	-	312 000
Buildings		3 933 104	-	-	-467 000	3 466 104	433 226	38 354	-	-83 574	388 006	3 078 098
Infrastructure		412 386 616	13 765 420	-	-156 185	425 995 851	92 651 251	6 705 491	-	-44 565	99 873 449	326 122 402
Road Network		96 624 114	-	-	-	96 624 114	34 478 710	1 770 253	-	-	36 248 962	60 375 151
Sanitation Network		95 575 943	-	-	-	95 575 943	20 936 928	1 448 771	-	-	22 385 699	73 190 244
Electricity Network		54 849 582	82 437	19 391 060	-48 344	74 274 734	13 378 769	1 275 121	-	-17 029	14 636 861	59 637 873
Balance previously reported		55 334 583	82 437	19 391 060	-48 344	74 759 736	13 486 547	1 285 899	-	-17 029	14 755 417	60 004 319
Correction of error - Note	37.06	-485 002	-	-	-	-485 002	-107 778	-10 778	-	-	-118 556	-366 446
Water Network		145 700 895	46 533	-	-107 841	145 639 587	23 873 411	2 168 351	-	-27 536	26 014 226	119 625 361
Stormwater Network		2 571 535	-	-	-	2 571 535	544 706	42 995	-	-	587 701	1 983 834
Work-in-Progress		17 064 548	13 636 450	-19 391 060	-	11 309 938	-	-	-	-	-	11 309 938
Balance previously reported		17 064 548	13 040 383	-19 391 060	-	10 713 871	-	-	-	-	-	10 713 871
Correction of error - Note	37.06	-	596 068	-	-	596 068	-	-	-	-	-	596 068
Community Assets		33 684 517	-	-	-	33 684 517	419 187	32 874	-	-	452 062	33 232 455
Libraries		466 394	-	-	-	466 394	42 360	5 097	-	-	47 457	418 936
Cemetery		176 000	-	-	-	176 000	-	-	-	-	-	176 000
Commonage		21 101 000	-	-	-	21 101 000	-	-	-	-	-	21 101 000
Community Halls		1 264 123	-	-	-	1 264 123	118 030	12 524	-	-	130 554	1 133 569
Game Farm		8 171 000	-	-	-	8 171 000	-	-	-	-	-	8 171 000
Holiday Resort		1 195 000	-	-	-	1 195 000	111 452	8 061	-	-	119 513	1 075 487
Sport Facilities		1 311 000	-	-	-	1 311 000	147 345	7 192	-	-	154 537	1 156 463
Lease Assets		6 203 732	6 625 113	-	-327 500	12 501 344	2 523 544	1 491 756	-	-214 493	3 800 807	8 700 537
Office Equipment		6 203 732	185 640	-	-327 500	6 061 872	2 523 544	1 233 417	-	-214 493	3 542 468	2 519 404
Electricity Network		-	131 656	-	-	131 656	-	10 713	-	-	10 713	120 943
Water Network		-	6 307 817	-	-	6 307 817	-	247 627	-	-	247 627	6 060 190
Balance previously reported		-	6 436 667	-	-	6 436 667	-	251 896	-	-	251 896	6 184 771
Correction of error - Note	37.06	-	-128 850	-	-	-128 850	-	-4 270	-	-	-4 270	-124 581

2 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

		Cost					Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Work-in-progress	Disposals R	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairment Charge R	Disposals R	Closing Balance R	R
Other Assets	10 500 663	66 227	-	-1 799 719	8 767 171	5 206 604	806 584	599 730	-1 004 715	5 608 203	3 158 968
Air Conditioner	486 593	-	-	-49 386	437 207	311 404	28 775	-	-41 543	298 636	138 571
Chairs	309 380	873	-	-21 201	289 051	194 712	19 915	-	-15 556	199 070	89 981
Balance previously reported	309 980	873	-	-21 201	289 651	195 297	19 920	-	-15 556	199 661	89 991
Correction of error - Note 37.06	-600	-	-	-	-600	-585	-5	-	-	-590	-10
Electronic Equipment	737 083	-	-	-40 545	696 538	396 856	78 140	-	-32 026	442 970	253 568
Balance previously reported	742 083	-	-	-40 545	701 538	401 440	78 279	-	-32 026	447 692	253 846
Correction of error - Note 37.06	-5 000	-	-	-	-5 000	-4 584	-139	-	-	-4 723	-277
Motor vehicles	817 481	-	-	-685 990	131 491	340 033	48 361	-	-352 313	36 080	95 411
Furniture & Fittings	719 147	-	-	-127 053	592 094	438 883	43 130	-	-77 035	404 978	187 116
Office Equipment	8 298	-	-	-2 000	6 298	7 640	227	-	-1 932	5 935	363
Trailer	89 746	-	-	-	89 746	68 667	4 371	-	-	73 038	16 708
Tables and desks	206 136	-	-	-22 200	183 936	131 641	9 935	-	-16 153	125 422	58 513
Tractors	155 000	45 000	-	-	200 000	74 950	11 434	68 834	-	155 218	44 782
Trucks	4 919 005	-	-	-562 874	4 356 132	1 829 638	373 541	530 896	-257 507	2 476 567	1 879 564
Works Equipment	506 776	12 182	-	-100 705	418 253	405 398	24 707	-	-62 508	367 597	50 656
Computer hardware	1 546 018	8 172	-	-187 764	1 366 425	1 006 784	164 050	-	-148 141	1 022 693	343 733
	485 028 255	20 456 760	-	-2 750 404	502 734 611	101 233 814	9 075 060	599 730	-1 347 348	110 122 527	392 612 084

2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		2019 R	2018 R
Work-in-progress			
Work-in-progress is compiled from the following on-going capital projects:			
Borehole - Witput		22 400	22 400
Upgrading of Douglas Water Treatment Works		3 665 109	2 186 848
High Mast Lights		-	-
Campbell High Mast Lights		-	4 791 955
Balance previously reported			4 836 057
Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.06	-	(44 103)
Bongani Bulk Supply - Upgrade		5 950 026	1 160 309
Siyancuma Bulk Water Augmentation, Incl. Water Conservation & Water Demand Management (Non-Revenue Water Minimisation)		1 799 125	1 799 125
KFC Transformer Upgrade		164 143	-
Upgrading of Breipaal Pump Station		6 520 233	-
Upgrading Gravel Roads Campbell		12 150 542	1 349 301
Balance previously reported			709 131
Correction of PPE - Infrastructure against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.06	-	553 570
Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.06	-	86 601
		30 271 580	**11 309 938**

	2019 R	2018 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	11 309 938	17 064 548
Expenditure during the year	23 753 596	13 636 451
Assets unbundled during the year	(4 791 955)	(19 391 060)
Balance at end of year	**30 271 580**	**11 309 938**

No projects are considered to be long outstanding or have been stopped.

Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	11	12 090
Other materials	753 390	1 215 627
Contracted Services	1 120 233	85 524
Other Expenditure	367 718	334 573
	2 241 352	**1 647 814**

Impairment of property plant and equipment		
Impairment charges on Property, plant and equipment recognised in statement of financial performance		
Infrastructure	-	-
Community Assets	-	-
Other	-	599 730
	-	**599 730**

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment and further change to residual values.

2019 R	2018 R	2017 R
(60 948)	(531 573)	(51 590)

3 INTANGIBLE ASSETS	2019 R	2018 R
Computer System & Software		
Net Carrying amount at 1 July	**273 017**	**375 476**
Cost	1 095 380	1 118 800
Accumulated Amortisation	(822 362)	(743 324)
Acquisitions	91 450	5 544
Disposals	(2 399)	(28 964)
Impairments	-	-
Amortisation	(92 569)	(100 901)
Disposals	2 110	21 863
Net Carrying amount at 30 June	**271 609**	**273 017**
Cost	1 184 430	1 095 380
Accumulated Amortisation	(912 822)	(822 362)

Description	Remaining Amortisation Period	Carrying Value 2019 R	2018 R
SEBATA - Accounting System	1	12 159	24 384
Microsoft Office	1 - 4	42 597	66 521
Cemetery Module	2	6 266	10 040
Implementation of Sebata	1 - 5	94 433	116 443
MPLS	2	22 500	33 780
Business Plan Pro Premier	2	632	917
Developed Website	4	16 793	20 931
Mail exchange Server	4	76 230	-

No intangible asset were assed having an indefinite useful life.

No residual values allocated to intangible assets, as there is no active market for these software items after use, due to new versions being issued regularly.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

Effect of changes in accounting estimates

The change in accounting estimate originated from the evaluation of the remaining useful lives of the assets at year end as well as the change in conditional assessment.

2019 R	2018 R	2017 R
(16 641)	(27 891)	(284)

4 BIOLOGICAL ASSETS

	Quantity (Units)	Fair Value R	2019 R	2018 R
Springbuck	118	870	102 614	247 315
Blesbuck	-	1 224	-	2 448
			102 614	249 763

Fair value of biological assets is based on hunting prices an open active market less costs to sell. Hunting prices were obtained from J & B Visser Boerdery to determine the fair value of game as at year end 30 June 2019

Reconciliation of fair value:

Opening Fair Value	249 763	219 135
Acquisitions	-	-
Disposals	(117 112)	(49 735)
Fair Value adjustments	(30 037)	80 362
Closing Fair Value	102 614	249 763

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

All biological assets are located on a farm near Griekwastad. The primary activities revolving around biological assets are as follows:
- Ensure that game numbers are managed adequately. When the need arises to reduce the game number, prospective hunters are invited to submit tenders for the hunting of game, resulting in an inflow of resources to the municipality.

Fair value of biological assets is based on selling prices less costs to sell in an open market.

5 CAPITALISED RESTORATION COST

	2019 R	2018 R
Net Carrying amount at 1 July	**4 344 257**	**5 325 785**
Cost	18 667 506	18 561 635
Accumulated Depreciation	(14 283 134)	(13 196 802)
Accumulated Impairments	(40 115)	(39 047)
Acquisitions	881 829	105 871
Disposals	-	-
Depreciation for the year	(1 499 010)	(1 086 331)
(Impairment) / Reversal of Impairment	(198)	(1 068)
Net Carrying amount at 30 June	**3 726 878**	**4 344 257**
Cost	19 549 335	18 667 506
Accumulated Depreciation	(15 782 144)	(14 283 134)
Accumulated Impairments	(40 313)	(40 115)

6 INVENTORY

	2019 R	2018 R
Water – at Current Replacement Cost	2 774	1 720
Total Inventory	**2 774**	**1 720**

No inventory assets were pledged as security for liabilities.

7	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		2019 R	2018 R
	Service Receivables			
	Water		31 910 687	24 655 363
	Electricity		6 578 069	5 031 657
	Refuse		16 473 441	13 052 470
	Sewerage		18 667 014	14 715 078
	Total Service Receivables		**73 629 211**	**57 454 569**
	Less: Allowance for Doubtful Debts		-61 932 463	-48 952 800
	Net Service Receivables		**11 696 748**	**8 501 769**
	Other Receivables			
	Other Debtors		2 975 548	5 022 355
	Balance previously reported		-	4 966 595
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing Smart meter sales for May and June 2018)	37.04	-	6 475
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing Smart meter sales for May and June 2018)	37.04	-	42 012
	Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing Smart meter sales for May and June 2018)	37.04	-	7 273
	Other Arrears		1 542 937	1 195 867
	Rent Bongani		-1	-
	Sundry Accounts		1 540 120	1 193 099
	Balance previously reported		-	1 187 699
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Statement of Financial Performance - Rental of Facilities and Equipment (Correction of ANC office rental for 2017/18)	37.04	-	4 696
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT payable from exchange transactions - VAT output in suspense (Correction of ANC office rental for 2017/18)	37.04	-	704
	Other		2 819	2 768
	Total Other Receivables		**4 518 485**	**6 218 222**
	Less: Allowance for Doubtful Debts		-109 191	-1 131 893
	Net Other Receivables		**4 409 294**	**5 086 329**
	Total Net Receivables from Exchange Transactions		**16 106 043**	**13 588 098**
	Ageing of Receivables from Exchange Transactions			
	(Electricity): Ageing			
	Current (0 - 30 days)		2 694 660	2 240 317
	31 - 60 Days		521 016	279 838
	61 - 90 Days		231 421	142 488
	+ 90 Days		3 130 972	2 369 014
	Total		**6 578 069**	**5 031 657**
	(Water): Ageing			
	Current (0 - 30 days)		2 796 778	2 207 340
	31 - 60 Days		1 186 249	768 037
	61 - 90 Days		1 089 617	621 780
	+ 90 Days		26 838 042	21 058 205
	Total		**31 910 687**	**24 655 363**
	(Refuse): Ageing			
	Current (0 - 30 days)		668 083	476 839
	31 - 60 Days		507 969	322 298
	61 - 90 Days		496 440	311 822
	+ 90 Days		14 800 948	11 941 512
	Total		**16 473 441**	**13 052 470**
	(Sewerage): Ageing			
	Current (0 - 30 days)		851 067	625 991
	31 - 60 Days		692 445	386 458
	61 - 90 Days		567 521	364 760
	+ 90 Days		16 555 981	13 337 869
	Total		**18 667 014**	**14 715 078**

7 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		2019 R	2018 R
(Other Receivables): Ageing			
Current (0 - 30 days)		1 683 924	29 620
31 - 60 Days		658	15 592
61 - 90 Days		658	16 410
+ 90 Days		(142 302)	1 134 245
Total		**1 542 937**	**1 195 867**

8 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		2019 R	2018 R
Service Receivables			
Taxes - Rates		14 107 516	11 267 548
Balance previously reported		-	11 511 447
Correction of Trade and Other Receivables from Non-Exchange Transactions - Taxes - Rates against Accumulated Surplus (Capital instalment correction prior 2017)	37.05	-	2 257
Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.05	-	-150 433
Correction of Statement of financial performance - Property rates : Less Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.05	-	-1 282
Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2017/18)	37.05	-	-94 442
Fines		11 211 504	8 322 037
Total Service Receivables		**25 319 020**	**19 589 585**
Less: Allowance for Doubtful Debts		-21 285 638	-17 384 827
Net Service Receivables		**4 033 382**	**2 204 758**
Total Net Receivables from Non-Exchange Transactions		**4 033 382**	**2 204 758**
Ageing of Receivables from Non-Exchange Transactions			
(Rates): Ageing			
Current (0 - 30 days)		847 323	560 840
31 - 60 Days		193 967	216 529
61 - 90 Days		165 167	176 155
+ 90 Days		12 901 058	10 314 025
Total		**14 107 516**	**11 267 548**

9 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2019				
Total Receivables	101 562 064	688 637	1 216 016	103 466 716
Less: Provision for doubtful debts	-83 219 642	-107 650	-	-83 327 292
Total Recoverable debtors by customer classification	**18 342 422**	**580 987**	**1 216 016**	**20 139 424**

Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2018				
Total Receivables	81 648 403	537 464	1 076 510	83 262 376
Less: Provision for doubtful debts	-66 949 320	-520 200	-	-67 469 520
Total Recoverable debtors by customer classification	**14 699 083**	**17 264**	**1 076 510**	**15 792 856**

9 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS (CONTINUE)

Trade and other receivables impairment

2019	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	(62 041 654)	(21 285 638)	(83 327 292)

2018	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
Total	(50 084 693)	(17 384 827)	(67 469 520)

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision	2019 R	2018 R
Balance at beginning of the year	67 469 520	78 185 213
Contributions to provision	23 682 162	19 250 371
VAT Impairment	3 332 788	2 960 722
Doubtful debts written off against provision	(13 719 583)	(35 073 333)
Fines	2 562 404	2 146 548
Balance at end of year	**83 327 292**	**67 469 520**

10 OPERATING LEASE ARRANGEMENTS		2019 R	2018 R
10.1 **The Municipality as Lessor**			
Balance on 1 July		118 979	132 387
Balance previously reported		-	123 711
Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad to be recognised during 2016/17)	37.07	-	8 676
Restated Balance on 1 July		118 979	132 387
Movement during the year		(28 006)	(13 408)
Balance previously reported		-	(29 800)
Correction of Operating lease Assets against Statement of Financial Performance - Rental of facilities and equipment (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad and Vodacom Breipaal and Prime Media to be recognised during 2017/18)	37.07	-	16 392
Balance on 30 June		90 973	118 979

Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 6% per year.
Siyancuma Municipality is leasing commonage land in Griekwastad to Vodacom for periods of 59 months with escalations of 3.7% per year.
Siyancuma Municipality is leasing commonage land to various lessees with escalations of 12% per year till 30 June 2020.
Siyancuma Municipality is leasing commonage land in Breipaal to Vodacom for periods of 59 months with escalations of 3.7% per year.
Siyancuma Municipality is leasing signage space to Prime Media for periods of 36 months with escalations of 6% per year.

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:	2019 R	2018 R
Up to 1 Year	205 831	224 194
2 to 5 Years	341 616	510 885
More than 5 Years	142 441	203 487
Total Operating Lease Arrangements	**689 888**	**938 566**

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The leases are in respect of land being leased out for a period until October 2026.

11 VAT PAYABLE FROM EXCHANGE-TRANSACTIONS		2019 R	2018 R
VAT Payable		(39)	222 139
VAT Output in Suspense		9 088 212	8 145 952
Total VAT Payable		**9 088 173**	**8 368 091**
Balance previously reported		-	8 360 114
Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing Smart meter sales for May and June 2018)	37.01	-	7 273
Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT payable from exchange transactions - VAT output in suspense (Correction of ANC office rental for 2017/18)	37.01	-	704
VAT Receivable		400 965	85
VAT Input in Suspense		(15 735 902)	(13 145 303)
		(15 334 937)	**(13 145 218)**
Balance previously reported		-	(13 670 819)
Correction of Vat Payable from exchange transactions - vat input in suspense against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.01	-	(83 035)
Correction of VAT payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.01		(12 990)
Correction of VAT Payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.01		6 174
Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - General expenses - Entertainment (Correction of VAT input claimed on invoices reversal)	37.01		72
Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - Operating Grant Expenditure - Community and Social Services (Correction of VAT input claimed on invoices reversal)	37.01		3 558
Correction of VAT Payable from exchange transactions - VAT input in suspense against Accumulated Surplus (Correction of VAT input as per corrected PV02 balance due to 14% vs 15% in prior years)	37.01		611 822
VAT Impairment contribution		**(8 092 390)**	**(6 532 786)**
		(14 339 154)	**(11 309 913)**

VAT is payable/receivable on the cash basis.

		2019 R	2018 R
12	**CASH AND CASH EQUIVALENTS**		
	Assets		
	Call Investments Deposits	350 297	248 706
	Primary Bank Account	6 279 364	964 490
	Cash Floats	550	550
	Total Cash and Cash Equivalents - Assets	**6 630 211**	**1 213 746**
	The municipality has the following bank accounts:		
	Current Accounts		
	Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):	3 847 288	148 370
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	112 868	65 230
	Douglas - ABSA Account number: 4087368160 (Primary Bank Account):	2 319 208	750 890
		6 279 364	**964 490**
	Douglas - Std Bank Account number: 041667336000 (Third Primary Bank Account):		
	Cash book balance at beginning of year	148 370	868 208
	Cash book balance at end of year	3 847 288	148 370
	Bank statement balance at beginning of year	148 370	868 208
	Bank statement balance at end of year	3 847 288	148 370
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)		
	Cash book balance at beginning of year	65 230	56 655
	Cash book balance at end of year	112 868	65 230
	Bank statement balance at beginning of year	65 230	56 655
	Bank statement balance at end of year	112 868	65 230
	Douglas - ABSA Account number: 4087368160 (Primary Bank Account):		
	Cash book balance at beginning of year	750 890	1 238 326
	Cash book balance at end of year	2 319 208	750 890
	Bank statement balance at beginning of year	789 223	1 241 576
	Bank statement balance at end of year	2 319 208	789 223
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Bank / Account Number		
	Standard Bank 54792271	105 959	98 530
	Standard Bank 54994621	8 389	7 801
	Standard Bank 048857432	111 134	21 557
	Standard Bank 048857521	57 677	55 830
	Standard Bank 048860077	67 138	64 988
		350 298	248 707

		2019 R	2018 R
13	**LONG TERM LIABILITIES**		
	Capitalised Lease Liability - At amortised cost	9 555 078	10 439 797
	Balance as previously reported	-	10 418 406
	Correction of Long term liabilities against Statement of Financial Performance - Finance Charges - Long term liabilities (Correction of finance charges due to escalation adjustment and water meters recognised for 2017/18)	37.02 -	138 250
	Correction of Long term liabilities against Statement of Financial Performance - General Expenses - Meter Management Fees (Correction of payment allocation to Long term liabilities due to escalation adjustment and water meters recognised for 2017/18)	37.02 -	11 991
	Correction of Long term liabilities against Property, plant and equipment (Correction of water meters recognised for 2017/18)	37.02 -	-128 850
		9 555 078	**10 439 797**
	Less: Current Portion transferred to Current Liabilities	**2 854 729**	**2 674 827**
	Annuity Loans - At amortised cost	-	-
	Capitalised Lease Liability - At amortised cost	2 854 729	2 674 827
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	**6 700 348**	**7 764 969**

	2019 R	2018 R
	Minimum lease payments	
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	4 792 648	4 983 558
Payable within two to five years	9 160 616	10 843 182
Payable after five years	-	-
	13 953 265	15 826 740
Less: Future finance obligations	(4 398 187)	(5 386 944)
Present value of lease obligations	**9 555 078**	**10 439 797**

Finance lease agreement is calculated at an interest rate of 9%-59%. With a last maturity date of 30 April 2024.

Refer to note 2 for the finance lease assets capitalised.

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

For each class of finance lease liability, the net carrying amount at the reporting date:

LONG TERM LIABILITIES (CONTINUE)

Description of leased item	Effective Interest	Lease Term	Maturity Date	2019 R	2018 R
Various (R150100)	9 to 59%	5	2019/12/31	788 414	1 927 621
Various (R2200)	48.0%	5	2020/01/31	15 067	33 011
Various (R18918)	41.0%	5	2020/03/31	164 598	319 068
PABX (R16700)	19.5%	5	2020/09/30	251 707	413 640
CCTV Cameras (R24000)	25.4%	5	2021/01/31	424 319	617 202
Biometric Access Control (R28500)	23.5%	5	2021/06/30	541 448	731 025
Smartmeters	19 to 57%	5	2024/04/30	7 369 524	6 398 230
				9 555 078	10 439 797

The depreciation and the finance charge relating to the leased asset was included as part of the total depreciation and finance charges respectively. Please refer to note 2 and note 32

			2019 R	2018 R
14	**EMPLOYEE BENEFITS**			
	Post Retirement Benefits	14.1	16 824 317	17 253 307
	Long Service Awards	14.2	2 516 054	2 388 971
	Total Non-current Employee Benefit Liabilities		**19 340 371**	**19 642 278**
	Post Retirement Benefits			
	Balance 1 July		17 865 930	18 242 090
	Contribution for the year		(619 547)	(529 794)
	Expenditure for the year		2 356 572	2 454 801
	Actuarial Loss/(Gain)		(2 096 029)	(2 301 167)
	Total post retirement benefits 30 June		**17 506 926**	**17 865 930**
	Less: Transfer of Current Portion	17	(682 609)	(612 623)
	Balance 30 June		16 824 317	17 253 307
	Long Service Awards			
	Balance 1 July		2 817 134	2 304 700
	Contribution for the year		(564 158)	(181 470)
	Expenditure for the year		433 201	379 394
	Actuarial Loss		206 743	314 510
	Total long service 30 June		**2 892 920**	**2 817 134**
	Less: Transfer of Current Portion	17	(376 866)	(428 163)
	Balance 30 June		**2 516 054**	**2 388 971**
	TOTAL NON-CURRENT EMPLOYEE BENEFITS			
	Balance 1 July		20 683 064	20 546 790
	Contribution for the year		(1 183 705)	(711 264)
	Expenditure for the year		2 789 773	2 834 195
	Actuarial Loss/(Gain)		(1 889 286)	(1 986 657)
	Total employee benefits 30 June		**20 399 846**	**20 683 064**
	Less: Transfer of Current Portion	17	(1 059 475)	(1 040 786)
	Balance 30 June		**19 340 371**	**19 642 278**

14 EMPLOYEE BENEFITS (CONTINUE)

14.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2019 Number of members	2018 Number of members
In-service (employee) members	67	63
Continuation members (e.g. Retirees, widows, orphans)	13	12
Total Members	**80**	**75**

	R	R
The liability in respect of past service has been estimated to be as follows:		
In-service members	9 703 435	9 902 418
Continuation members	7 803 491	7 963 512
Total Liability	**17 506 926**	**17 865 930**

	2017 R	2016 R	2015 R
In-service members	11 303 646	10 681 683	9 097 705
Continuation members	6 938 444	6 497 094	5 636 947
Total Liability	**18 242 090**	**17 178 777**	**14 734 652**

	2019 R	2018 R
	Rm	Rm
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	0.044	(0.898)
Assets: Gain / (loss)	-	-

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 Rm	2016 Rm	2015 Rm
Liabilities: (Gain) / loss	1.669	1.386	1.843
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas	Keyhealth	Samwumed
LA Health	Hosmed	

The Municipality's Accrued Unfunded Liability at 30 June 2019 is estimated at R17.507 million. The Current-service Cost for the year ending 30 June 2019 is estimated at R670 175. It is estimated to be R647 090 for the ensuing year.

Key actuarial assumptions used:	2019 %	2018 %
i) Rate of interest		
Discount rate	9.36%	9.60%
Health Care Cost Inflation Rate	6.84%	7.41%
Net Effective Discount Rate	2.36%	2.04%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at the age of 62, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Expected rate of salary increases

2019/2020 - CPI + 1,5%
2020/2021 - CPI + 1,25%

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

			2019 R	2018 R
14	EMPLOYEE BENEFITS (CONTINUE)			
	Present value of fund obligations		17 506 926	17 865 930
	Net liability/(asset)		**17 506 926**	**17 865 930**

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year		17 865 930	18 242 090
Total expenses		1 737 025	1 925 007
Current service cost		670 175	713 349
Interest Cost		1 686 397	1 741 452
Benefits Paid		(619 547)	(529 794)
Actuarial (gains)/losses		(2 096 029)	(2 301 167)
Present value of fund obligation at the end of the year		17 506 926	17 865 930
Less: Transfer of Current Portion	17	(682 609)	(612 623)
Balance 30 June		**16 824 317**	**17 253 307**

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		9.703	7.803	17.506	
Health care inflation	1%	11.836	8.548	20.384	16%
Health care inflation	-1%	8.026	7.155	15.181	-13%
Discount Rate	1%	8.074	7.174	15.248	-13%
Discount Rate	-1%	11.802	8.537	20.339	16%
Post-retirement mortality	-1 year	9.988	8.106	18.094	3%
Average retirement age	-1 year	10.553	7.803	18.356	5%
Contiuation of membership at retirement	-10%	8.514	7.803	16.317	7%

Sensitivity Analysis on the Current Service Cost and Interest Costs

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		670 200	1 686 400	2 356 600	
Health care inflation	1%	830 800	1 967 200	2 798 000	19%
Health care inflation	-1%	544 600	1 457 800	2 002 400	-15%
Discount Rate	1%	552 800	1 616 200	2 169 000	-8%
Discount Rate	-1%	821 200	1 759 300	2 580 500	10%
Post-retirement mortality	-1 year	691 400	1 746 300	2 437 700	3%
Average retirement age	-1 year	722 000	1 773 000	2 495 000	6%
Contiuation of membership at retirement	-10%	602 200	1 576 800	2 179 000	-8%

14.2 **Long Service Bonuses**

The Long Service Bonus plans are defined benefit plans. As at year end, 177 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2019 is R212 615. The Current-service Cost for the ensuing year has been estimated to be R238 619.

Key actuarial assumptions used:	2019 %	2018 %
i) **Rate of interest**		
Discount rate	8.12%	8.46%
General Salary Inflation (long-term)	5.53%	6.08%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.45%	2.24%

Experience adjustments were calculated as follows:	2019 R	2018 R
Liabilities: (Gain) / loss	(11 112)	252 599
Assets: Gain / (loss)	-	-

14	EMPLOYEE BENEFITS (CONTINUE)		2019 R	2018 R

The experience adjustments in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
Liabilities: (Gain) / loss	69 123	87 372	116 895
Assets: Gain / (loss)	-	-	-

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations		2 892 920	2 817 134
Net liability/(asset)		**2 892 920**	**2 817 134**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
Total Liability	2 304 700	2 203 322	2 066 958

		2019 R	2018 R
Reconciliation of present value of fund obligation:			
Present value of fund obligation at the beginning of the year		2 817 134	2 304 700
Total expenses		(130 957)	197 924
Current service cost		212 615	188 169
Interest Cost		220 586	191 225
Benefits Paid		(564 158)	(181 470)
Actuarial (gains)/losses		206 743	314 510
Present value of fund obligation at the end of the year		2 892 920	2 817 134
Less: Transfer of Current Portion	17	(376 866)	(428 163)
Balance as at 30 June		**2 516 054**	**2 388 971**

14	EMPLOYEE BENEFITS (CONTINUE)	2019 R	2018 R

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.893	
General salary inflation	1%	3.073	6%
General salary inflation	-1%	2.729	-6%
Discount Rate	1%	2.723	-6%
Discount Rate	-1%	3.083	7%
Average retirement age	-2 yrs.	2.377	-18%
Average retirement age	2 yrs	3.099	7%
Withdrawal rates	-50%	3.239	12%

14	EMPLOYEE BENEFITS (CONTINUE)	2019 R	2018 R

14.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2018 revealed that the fund is in an sound financial position with a funding level of 103.7% (30 June 2017 - 101.7%).

Contributions paid recognised in the Statement of Financial Performance	2 565 498	2 230 707

IMATU PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance	454 993	454 426

SALA PENSION FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance	2 325 880	2 290 586

SAMWU PROVIDENT FUND

The contribution rate paid by the members is sufficient to fund the benefits accruing from the fund in the future

Contributions paid recognised in the Statement of Financial Performance	760 768	718 188

15 NON-CURRENT PROVISIONS		2019 R	2018 R
Provision for Rehabilitation of Landfill-sites		13 132 644	11 782 747
Total Non-current Provisions		**13 132 644**	**11 782 747**
Landfill Sites			
Balance 1 July		22 575 423	21 591 722
Increase in Estimate		881 829	(354 837)
Unwinding of discounted interest		1 388 543	1 338 539
Total provision 30 June		**24 845 795**	**22 575 423**
Less: Transfer of Current Portion to Current Provisions	18	(11 713 152)	(10 792 676)
Balance 30 June		**13 132 644**	**11 782 747**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Douglas	Campbell	Griekwastad
Area (m²)	20 544	5 710	15 108
Preliminary and general (Rand)	1 257 113	294 391	713 673
Site Clearance (Rand)	63 276	17 587	46 533
Storm water control measures (Rand)	1 273 874	562 128	1 185 068
Capping (Rand)	6 184 925	1 342 474	3 538 912
Gas Management (Rand)	-	-	-
Leachate Management (Rand)	311 221	170 273	316 821
Fencing (Rand)	1 146 084	10 333	10 333
Other costs	2 896 151	1 405 370	2 099 256

The municipality has an obligation to rehabilitate landfill sites at the end of the expected usefull life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	Cost of rehabilitation 2019 R	Cost of rehabilitation 2018 R
Douglas	2022	13 132 644	11 782 747
Griekwastad	2019	7 910 596	7 263 685
Campbell	2019	3 802 556	3 528 991
		24 845 795	22 575 423

Material Assumtions used

Area of landfill site consumed	2017	2018	2019
Douglas	76.39%	81.42%	85.12%
Griekwastad	100.00%	100.00%	100.00%
Campbell	100.00%	100.00%	100.00%
Discount Rate used		6.20%	6.15%

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. This rate used is also within the inflation target range of the South African Reserve Bank of between 3% to 6%.

16	CONSUMER DEPOSITS		2019 R	2018 R
	Water & Electricity		183 310	180 171
	Total Consumer Deposits		**183 310**	**180 171**

The fair value of consumer deposits approximate their carrying value. No discounting of consumer deposits is being performed due to the uncertainty of the timing of future repayments. Interest is not paid on these amounts.

17	CURRENT EMPLOYEE BENEFITS		2019 R	2018 R
	Current Portion of Post Retirement Benefits	14	682 609	612 623
	Current Portion of Long-Service Awards	14	376 866	428 163
	Bonuses		1 034 378	1 488 594
	Staff Leave		3 392 645	3 247 995
	Total Current Employee Benefits		**5 486 499**	**5 777 375**

The movement in current employee benefits are reconciled as follows:

Bonuses

Balance at beginning of year	1 488 594	1 170 231
Contribution to current portion	2 873 320	2 664 945
Expenditure incurred	-3 327 536	-2 346 583
Balance at end of year	**1 034 378**	**1 488 594**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle, that will only be paid out in the following year, on the employee's birth month. There is no possibility of reimbursement.

Staff Leave

Balance at beginning of year	3 247 995	3 049 686
Contribution to current portion	408 943	456 131
Expenditure incurred	-264 293	-257 823
Balance at end of year	**3 392 645**	**3 247 995**

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

18	PROVISIONS		2019 R	2018 R
	Current Portion of Rehabilitation of Landfill-sites	15	11 713 152	10 792 676
	Total Provisions		**11 713 152**	**10 792 676**

19 PAYABLES FROM EXCHANGE TRANSACTIONS		2019 R	2018 R
Trade Payables		157 586 524	125 455 125
Balance previously reported			124 818 520
Correction of PPE - Infrastructure against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.08	-	553 570
Correction of Vat Payable from exchange transactions - vat input in suspense against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.08		83 035
Receivables with credit balances		441 991	426 423
Sundry Payables		11 182 678	6 488 199
Balance previously reported			6 438 886
Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.08	-	86 601
Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.08		-44 103
Correction of VAT payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.08		12 990
Correction of VAT Payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.08		-6 174
Total Trade Payables		**169 211 193**	**132 369 747**
Total Non-current Trade Payables from Exchange Transactions		**790 850**	**79 984 404**
Trade Payables		790 850	79 984 404
Total Current Trade Payables		**168 420 343**	**52 385 343**

No payables are secured.

Payables are being recognised net of any discounts.

Payables are not all being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

Non-Current Trade Payables are recognised as per payment arrangements entered into

			2019 R	2018 R
20	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**			
	Unspent Grants		16 943 651	16 136 161
	National and Provincial Government Grants		16 943 651	16 136 161
	Balance previously reported			16 822 076
	Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	37.03		(685 915)
	Other Sources		-	-
	Less: Unpaid Grants		-	-
	National and Provincial Government Grants		-	-
	Other Sources		-	-
	Total Conditional Grants and Receipts		**16 943 651**	**16 136 161**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.

Library Project

Provincial Department - Library maintenance and Expenses

Financial Management Grant

National Treasury - Financial Management

Municipal Systems Improvement Grant

National Treasury - Municipal System Improvement

Municipal Infrastructure Grant

National Treasury - Municipal Infrastructure Improvement

LG Seta

Provincial Department - Personnel Training

Expanded Public Works Programme

National Treasury - Road Maintenance

INEG

National Treasury - Infrastructure development

RBIG

National Treasury - Infrastructure development

WSIG

National Treasury - Infrastructure development

Pixley District Grant

District Municipality - Electrical and Road Maintenance

			2019 R	2018 R
21	**PROPERTY RATES**			
	Actual			
	Rateable Land and Buildings		15 157 968	14 187 882
	Residential, Commercial Property, State		15 157 968	14 187 882
	Balance previously reported		-	14 338 314
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.10	-	(150 433)
	Less: Rebates		(2 502 885)	(2 377 328)
	Balance previously reported		-	(2 376 046)
	Correction of Statement of financial performance - Property rates : Less Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.10	-	(1 282)
	Total Assessment Rates		**12 655 083**	**11 810 554**
	Valuations - 1 July 2018			
	Rateable Land and Buildings		8 835 956 996	8 835 956 996
	Residential		529 696 280	531 708 157
	Business		223 945 566	222 360 886
	Governments		71 203 430	70 403 430
	Museum		126 360	126 360
	Agriculture		7 846 104 802	7 880 642 842
	Exempt Municipal and other		164 880 558	130 715 321
	Less: Income Forgone			
	Total Assessment Rates		**8 835 956 996**	**8 835 956 996**

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 2016.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

22 GOVERNMENT GRANTS AND SUBSIDIES		2019 R	2018 R
Unconditional Grants		**45 402 000**	**41 384 189**
Equitable Share	22.1	45 402 000	41 384 189
Conditional Grants		**33 039 325**	**19 587 609**
Library Project		662 000	1 658 833
Local Government Financial Management Grant		2 415 000	2 345 000
Municipal Infrastructure Grant		12 421 427	7 032 805
Balance previously reported			6 346 891
Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	37.03		685 915
LG Seta		342 630	-
EPWP		1 000 000	1 000 000
Regional Bulk Infrastructure Grant		1 700 000	749 967
Integrated National Eletrification Grant		5 000 000	4 750 000
Water Services Infrastructure Grant		7 498 268	2 051 003
Pixley District Grant		2 000 000	-
Total Government Grants and Subsidies		**78 441 325**	**60 971 798**
Government Grants and Subsidies - Capital		**26 619 695**	**14 583 776**
Municipal Infrastructure Grant		12 421 427	7 032 805
Regional Bulk Infrastructure Grant		1 700 000	749 967
Integrated National Eletrification Grant		5 000 000	4 750 000
Water Services Infrastructure Grant		7 498 268	2 051 003
Government Grants and Subsidies - Operating		**51 821 630**	**46 388 022**
Equitable Share		45 402 000	41 384 189
Library Project		662 000	1 658 833
Local Government Financial Management Grant		2 415 000	2 345 000
EPWP		1 000 000	1 000 000
Pixley District Grant		2 000 000	-
		78 441 326	**60 971 798**
Grant spending per vote:			
Executive & Council		-	-
Corporate Services		342 630	-
Budget & Treasury		47 817 000	43 729 189
Community & Social Services		662 000	1 658 833
Road Transport		14 421 427	2 548 304
Balance previously reported			1 812 112
Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	37.03		736 192
Electricity		6 000 000	10 234 502
Balance previously reported			10 284 779
Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	0.00		(50 277)
Water		9 198 269	2 800 970
Waste Water Management		-	-
		78 441 326	**60 971 797**

Conditions were complied with during the year.

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2019 R	2018 R
22.1	**Equitable share**		
	Opening balance	-	-
	Grants received	42 143 000	40 157 000
	Transfer from EPWP due to roll over not approved on EPWP	-	-
	Transfer from INEP due to roll over not approved on INEP	-	-
	Transfer from MIG due to roll over not approved on MIG	3 259 000	1 227 189
	Conditions met - Operating	(45 402 000)	(41 384 189)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
22.2	**Local Government Financial Management Grant (FMG)**		
	Opening balance	-	-
	Grants received	2 415 000	2 345 000
	Conditions met - Operating	(2 415 000)	(2 345 000)
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
22.3	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	7 660 195	1 227 189
	Grants received	16 355 000	14 693 000
	Transfer to Equitable Share due to roll over not approved on MIG	(1 669 211)	(1 227 189)
	Conditions met - Operating	-	-
	Conditions met - Capital	(12 421 427)	(7 032 805)
	Grant expenditure to be recovered	9 924 557	7 660 195
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
22.4	**Expanded Public Works Program (EPWP)**		
	Opening balance	-	-
	Grants received	1 000 000	1 000 000
	Transfer to Equitable Share due to roll over not approved on EPWP	-	-
	Conditions met - Operating	(1 000 000)	(1 000 000)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
	The grant was used for infrastructure development in the Siyancuma area.		
22.5	**Library Grants**		
	Opening balance	-	818 833
	Grants received	662 000	840 000
	Conditions met - Operating	(662 000)	(1 658 833)
	Conditions met - Capital	-	-
	Grant expenditure to be recovered	-	-
	Library grants was utilised for the development of libraries in the Siyancuma area.		
22.6	**Water Services Infrastructure Grant (WSIG)**		
	Opening balance	7 948 997	-
	Grants received	7 500 000	10 000 000
	Transfer to Equitable Share due to roll over not approved on WSIG	(1 589 789)	
	Conditions met - Operating	-	-
	Conditions met - Capital	(7 498 268)	(2 051 003)
	Grant expenditure to be recovered	6 360 940	7 948 997
	The Water Services Infrastructure Grant was used for the upgrading of the bulk water services within the Siyancuma areas.		

		2019 R	2018 R
22	**GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)**		
22.7	**Integrated National Electrification Grant (INEG)**		
	Opening balance	-	-
	Grants received	5 000 000	4 750 000
	Transfer to Equitable Share due to roll over not approved on INEP	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	(5 000 000)	(4 750 000)
	Conditions still to be met	-	-
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
22.8	**Other Grants**		
	Opening balance	526 969	443 479
	Grants received	4 173 815	833 458
	Conditions met - Operating	(2 342 630)	-
	Conditions met - Capital	(1 700 000)	(749 967)
	Conditions still to be met	658 154	526 969
	Various grants were received from other spheres of government		
22.9	**Total Grants**		
	Opening balance	16 136 161	2 489 500
	Grants received	79 248 815	74 618 458
	Transfers	-	-
	Conditions met - Operating	(51 821 630)	(46 388 022)
	Conditions met - Capital	(26 619 695)	(14 583 776)
	Conditions still to be met/(Grant expenditure to be recovered)	**16 943 651**	**16 136 161**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	16 943 651	16 136 161
	Unpaid Conditional Government Grants and Receipts	-	-
		16 943 651	**16 136 161**
23	**PUBLIC CONTRIBUTIONS AND DONATIONS**		
	Donations	1 120 958	5 468 773
	Total Public Contributions and Donations	**1 120 958**	**5 468 773**
	Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest.		
24	**CONTRIBUTED PPE**		
	Gentra Twenty Two CC	174 777	-
	Total changes in fair value	**174 777**	**-**
	Contributed PPE represents all assets donated to the muncipality - refer to note 2 for the inclusion of assets.		

			2019 R	2018 R
25	**SERVICE CHARGES**			
	Electricity		39 208 643	29 044 314
	Service Charges		41 101 795	33 551 511
	Balance previously reported			33 509 499
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing Smart meter sales for May and June 2018)	37.10		42 012
	Less: Revenue Forgone		(1 893 152)	(4 507 197)
	Water		23 340 007	17 158 858
	Service Charges		25 851 779	19 821 629
	Balance previously reported			19 815 154
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing Smart meter sales for May and June 2018)	37.10		6 475
	Less: Revenue Forgone		(2 511 772)	(2 662 771)
	Refuse removal		6 863 709	6 343 876
	Service Charges		10 026 252	7 328 341
	Less: Revenue Forgone		(3 162 543)	(984 465)
	Sewerage and Sanitation Charges		8 754 528	7 887 339
	Service Charges		12 175 177	9 111 324
	Less: Revenue Forgone		(3 420 650)	(1 223 985)
	Other Service Charges		-	-
	Total Service Charges		**78 166 887**	**60 434 387**

Revenue Foregone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

			2019 R	2018 R
26	**OTHER REVENUE**			
	Sundry income		498 509	370 269
	Insurance income		185 669	10 148
	Legal cost received		31 723	31 778
	Cemetery fees		51 107	47 653
	Other income represents administration income		339 607	97 862
	Donations		25 000	64 600
	Landfill site		-	475 099
	Total Other Income		**1 131 615**	**1 097 409**

Sundry Income represents sundry income such as building plans, sale of sundry items (wood, sand and stones) an fees for items not included under service charges (camping, fire brigade and impounding fees)

			2019 R	2018 R
27	**EMPLOYEE RELATED COSTS**			
	Employee Related Costs - Salaries and Wages		38 013 627	34 978 986
	Balance previously reported			33 847 019
	Reclassification of Vote 0521/4375/0000 from Operating Grant Expenditure to Employee related Costs - Salaries and Wages	37.10	-	1 131 967
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids		9 810 130	9 285 888
	Travelling Allowances		2 309 888	2 256 904
	Acting Allowance		58 665	274 001
	Cellphone Allowance		200 900	177 800
	Standby Allowance		1 286 504	1 482 315
	Housing Benefits and Allowances		364 953	559 317
	Overtime		3 650 448	3 979 716
	Bargaining Council		18 822	19 121
	Bonuses		2 873 320	2 664 946
	Provision for staff leave		408 943	456 131
	Contribution to provision - Long Service Awards	14	212 614	188 169
	Contribution to provision - Post Retirement Medical	14	670 175	713 349
	Total Employee Related Costs		**59 878 989**	**57 036 643**

		2019 R	2018 R
27	EMPLOYEE RELATED COSTS		
	KEY MANAGEMENT PERSONNEL		
	There are no post-employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	Remuneration of the Municipal Manager (P Papier - 13/11/2017 to 30/04/2018)		
	Annual Remuneration	-	431 332
	Travelling Allowance	-	39 000
	Contributions to UIF, Medical and Pension Funds	-	109 069
	Cellphone Allowance	-	6 000
	Transport Logsheets	-	9 548
	Total	**-**	**594 949**
	Remuneration of the Municipal Manager (MF Fillis - 08/05/2018 to current)		
	Annual Remuneration	444 000	65 957
	Cellphone Allowance	4 000	-
	Housing Allowance	48 000	-
	Transport Logsheets	137 537	13 704
	Total	**633 537**	**79 660**
	Remuneration of the Chief Financial Officer (CC Zealand)		
	Annual Remuneration	638 672	672 150
	Travelling Allowance	184 038	164 255
	Contributions to UIF, Medical and Pension Funds	231 545	224 414
	Cellphone Allowance	9 600	9 600
	Transport Logsheets	11 144	19 543
	Total	**1 074 999**	**1 089 962**
	Remuneration of the Director Corporate and Community Services (J Marwane) (01-08-2017 to current)		
	Annual Remuneration	708 140	623 019
	Travelling Allowance	157 986	136 248
	Contributions to UIF, Medical and Pension Funds	188 129	162 341
	Cellphone Allowance	9 600	8 800
	Transport Logsheets	9 298	2 838
	Total	**1 073 153**	**933 247**
	Remuneration of the Director Infrastructure Services (XS Geco)		
	Annual Remuneration	730 176	806 056
	Travelling Allowance	130 000	150 000
	Contributions to UIF, Medical and Pension Funds	194 079	176 271
	Cellphone Allowance	9 600	9 600
	Transport Logsheets	10 067	107 913
	Acting Allowance	-	76 470
	Total	**1 073 922**	**1 326 310**

				2019 R	2018 R
28	**REMUNERATION OF COUNCILLORS**				
	Executive Mayor:	Allowances	**(L Senye - 01 July 2018 until 20 May 2019)**	497 132	543 414
		Cell phone Allowance		39 252	33 900
		Backpay		22 357	31 201
		Travelling		270 601	311 168
	Executive Mayor:	Allowances	**(PJ McKlein - 06 June 2019 until current)**	43 386	-
		Cell phone Allowance		3 700	-
		Backpay		-	-
		Travelling		14 462	-
	Councillors:	Allowances		2 512 086	2 398 783
		Cell phone Allowance		520 035	398 105
		Backpay		102 204	235 162
		Travelling		1 009 552	1 009 871
	Total Councillors' Remuneration			**5 034 767**	**4 961 604**

Year ended 30 JUNE 2019	**Allowances**	**Cell phone Allowance**	**Backpay**	**Travelling**
Councillors	**2 512 086**	**520 035**	**102 204**	**1 009 552**
JH George	451 624	44 400	17 886	151 594
SJ Mosetle	236 201	44 400	9 355	152 440
PJ McKlein	163 323	40 700	7 076	71 532
A Oliphant	178 653	44 400	7 076	86 793
L van Niekerk	217 208	44 400	11 205	72 403
DV Smous	178 653	44 400	7 076	61 629
KJ Apie	178 653	44 400	7 076	75 412
TM Tamboer	178 653	44 400	7 076	59 551
GF Morolong	229 272	44 400	9 080	76 424
EM Fish	178 653	44 400	7 076	59 551
DV Duiker	178 653	44 400	7 076	94 711
L van Wyk	142 537	35 335	5 149	47 513

Year ended 30 JUNE 2018	**Allowances**	**Cell phone Allowance**	**Backpay**	**Travelling**
Councillors	**2 398 783**	**398 105**	**235 162**	**1 009 871**
JH George	410 647	33 900	25 808	156 679
SJ Mosetle	225 538	33 900	20 753	110 456
PJ McKlein	171 044	33 900	18 288	97 299
A Oliphant	174 984	33 900	19 059	111 566
L van Niekerk	171 044	33 900	18 288	58 226
W Adams	174 740	25 205	20 438	58 417
DV Smous	171 044	33 900	18 288	58 130
KJ Apie	171 044	33 900	18 288	72 485
TM Tamboer	171 044	33 900	18 288	57 015
GF Morolong	211 626	33 900	20 320	73 355
EM Fish	171 044	33 900	18 288	57 015
DV Duiker	174 984	33 900	19 059	99 228

In-kind Benefits

The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.

			2019 R	2018 R
29	**BAD DEBTS WRITTEN OFF**			
	Trade Receivables from exchange transactions	7	13 594 412	32 148 382
	Trade Receivables from non-exchange transactions	8	125 171	2 924 951
	Other Debtors	7	55 991	15 972
	Less: VAT	11	(1 773 184)	(4 192 332)
	Total Bad Debts written off		**12 002 390**	**30 896 973**

			2019 R	2018 R
30	**DEBT IMPAIRMENT / (REVERSAL)**			
	Trade Receivables from exchange transactions	7	11 956 959	(13 139 676)
	Trade Receivables from non-exchange transactions	8	3 838 854	2 423 984
	Less: VAT Debt Impairment Provision	11	(1 559 603)	1 231 610
	Total Contribution to Impairment Provision		**14 236 210**	**(9 484 082)**

		2019 R	2018 R
31	**IMPAIRMENTS**		
	Property, Plant and Equipment	-	599 730
	During a protest action in April 2018 certain vehicles were damaged beyond repair and are to be impaired as they are broken and cannot be used. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or (its value in use).		
	Total Impairment Loss/ (Reversal of Impairment Loss)	-	599 730

Value in use

Value in use of the movable assets (Vehicles) was determined as R0 as these items cannot be used in the future as they are broken and and will not provide value in use in the current period or future periods.

			2019 R	2018 R
32	**FINANCE CHARGES**			
	Long-term Liabilities		2 678 106	2 084 130
	Balance previously reported		-	1 945 880
	Correction of Long term liabilities against Statement of Financial Performance - Finance Charges - Long term liabilities (Correction of finance charges due to escalation adjustment and water meters recognised for 2017/18)	37.10	-	138 250
	Payables & Creditors		15 532 428	12 508 393
	Actuarial Interest		1 906 983	1 932 677
	Landfill Sites		1 388 543	1 338 539
	Total finance charges		**21 506 060**	**17 863 739**
33	**BULK PURCHASES**			
	Electricity		40 134 637	37 115 748
	Water		776 819	661 840
	Purchases		844 343	743 297
	Less Stock Adjustments		(67 524)	(81 457)
	Stock adjustments		67 524	81 457
	Total Bulk Purchases		**40 978 980**	**37 859 045**

34 OPERATING GRANT EXPENDITURE		2019 R	2018 R
Operating grant expenditure per vote			
Budget & Treasury		-	-
Community & Social Services		-	-
Balance previously reported			59 978
Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - Operating Grant Expenditure - Community and Social Services (Correction of VAT input claimed on invoices reversal)	37.10	-	3 558
Reclassification of Vote 0401/4371/0000 from Operating Grant Expenditure to General Expenses - Other Expenditure	37.10	-	-63 536
Road Transport		-	-
Balance previously reported			1 131 967
Reclassification of Vote 0521/4375/0000 from Operating Grant Expenditure to Employee related Costs - Salaries and Wages	37.10	-	-1 131 967
Total Operating grant expenditure		**-**	**-**

35 DEPRECIATION AND AMORTISATION		2019 R	2018 R
Property, Plant and Equipment		9 733 387	9 075 060
Balance previously reported			9 090 251
Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be removed as incorrected included on FAR - Depreciation 2017/18)	37.10		-11 278
Correction of PPE - Leased Assets - Water network against Statement of Financial Performance - Depreciation charge (Correction of 44 Smart water meters to be removed as incorrected included on FAR - Depreciation 2017/18)	37.10		-4 270
Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be added as missed on FAR - Depreciation 2017/18)	37.10		500
Correction of PPE - Other Assets against Statement of Financial Performance - Depreciation and Amortisation (Correction of duplicate assets to be removed as incorrected included on FAR - Depreciation charge 2017/18)	37.10		-144
Intangible Assets		92 569	100 901
Capitalised Restoration costs		1 499 208	1 087 399
Total finance charges		**11 325 164**	**10 263 360**

			2019 R	2018 R
36	**GENERAL EXPENSES**			
	Advertisements		30 397	148 285
	Audit fees		2 560 883	2 774 886
	Bank charges		338 367	349 356
	Chemicals		339 126	517 145
	Commission paid		413	163 634
	Delegation fees		644 372	388 986
	Drop safe rental		28 267	-
	Entertainment: public		27 897	48 028
	Balance previously reported		-	47 956
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - General expenses - Entertainment (Correction of VAT input claimed on invoices reversal)	37.10	-	72
	Environmental health		269 320	216 449
	Insurance cost		478 710	411 769
	Legal expenses		153 874	344 292
	Membership fees: municipal		659 665	510 786
	Meter Management Fees		2 010 512	1 271 205
	Balance previously reported		-	1 259 214
	Correction of Long term liabilities against Statement of Financial Performance - General Expenses - Meter Management Fees (Correction of payment allocation to Long term liabilities due to escalation adjustment and water meters recognised for 2017/18)	37.10	-	11 991
	Other expenditure		982 820	1 749 079
	Balance previously reported		-	1 685 543
	Reclassification of Vote 0401/4371/0000 from Operating Grant Expenditure to General Expenses - Other Expenditure	37.10	-	63 536
	Printing & stationary		1 191 232	1 256 788
	Professional and consultant		7 594 461	9 182 928
	Telephone expenses		645 433	612 951
	Training		309 429	160 155
	Valuation fees		744 441	-
	Security		430 014	1 719 832
	Skills development Levy		532 332	500 839
	Subsistence and travel		401 347	417 323
	Strike damages		-	11 286
	Vehicles: fuel		918 770	1 070 635
	General Expenses		**21 292 082**	**23 826 637**

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

			2018 R
37	**CORRECTION OF ERROR IN TERMS OF GRAP 3**		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
37.01	**VAT payable from exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**(11 843 491)**
	Correction of Vat Payable from exchange transactions - vat input in suspense against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.08	-83 035
	Correction of VAT payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - [illegible] WIP)	37.08	-12 990
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.08	6 174
	Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing Smart meter sales for May and June 2018)	37.04	7 273
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - General expenses - Entertainment (Correction of VAT input claimed on invoices reversal)	37.10	72
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - Operating Grant Expenditure - Community and Social Services (Correction of VAT input claimed on invoices reversal)	37.10	3 558
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Accumulated Surplus (Correction of VAT input as per corrected PV02 balance due to 14% vs 15% in prior years)	37.09	611 822
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT payable from exchange transactions - VAT output in suspense (Correction of ANC office rental for 2017/18)	37.04	704
	Total		**(11 309 913)**
37.02	**Long-term liabilities**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**10 418 406**
	Correction of Long term liabilities against Statement of Financial Performance - Finance Charges - Long term liabilities (Correction of finance charges due to escalation adjustment and water meters recognised for 2017/18)	37.10	138 250
	Correction of Long term liabilities against Statement of Financial Performance - General Expenses - Meter Management Fees (Correction of payment allocation to Long term liabilities due to escalation adjustment and water meters recognised for 2017/18)	37.10	11 991
	Correction of Long term liabilities against Property, plant and equipment (Correction of water meters recognised for 2017/18)	37.06	-128 850
	Total		**10 439 797**
37.03	**Unspent Conditional Government Grants and Receipts**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**16 822 076**
	Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	37.10	(685 915)
	Total		**16 136 161**

37	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2018 R
37.04	**Trade Receivables from exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**13 526 938**
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing Smart meter sales for May and June 2018)	37.10	6 475
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing Smart meter sales for May and June 2018)	37.10	42 012
	Correction of Trade and Other Receivables from Exchange Transactions against VAT payable from exchange transactions - VAT Payable (Capturing Smart meter sales for May and June 2018)	37.01	7 273
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Statement of Financial Performance - Rental of Facilities and Equipment (Correction of ANC office rental for 2017/18)	37.10	4 696
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against VAT payable from exchange transactions - VAT output in suspense (Correction of ANC office rental for 2017/18)	37.01	704
	Total		**13 588 098**
37.05	**Trade Receivables from Non-exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**2 448 657**
	Correction of Trade and Other Receivables from Non-Exchange Transactions - Taxes - Rates against Accumulated Surplus (Capital instalment correction prior 2017)	37.09	2 257
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.10	-150 433
	Correction of Statement of financial performance - Property rates : Less Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.10	-1 282
	Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2017/18)	37.09	-94 442
	Total		**2 204 758**

37	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2018 R
37.06	**Property, Plant and Equipment**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**392 195 330**
	Correction of PPE - Infrastructure against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.08	553 570
	Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.08	86 601
	Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.08	-44 103
	Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land - Erf 332 included on FAR)	37.09	312 000
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be removed as incorrected included on FAR - Cost)	37.09	-507 497
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be removed as incorrected included on FAR - Accumulated Depreciation)	37.09	112 777
	Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be removed as incorrected included on FAR - Depreciation 2017/18)	37.10	11 278
	Correction of Long term liabilities against Property, plant and equipment (Correction of water meters recognised for 2017/18)	37.02	-128 850
	Correction of PPE - Leased Assets - Water network against Statement of Financial Performance - Depreciation charge (Correction of 44 Smart water meters to be removed as incorrected included on FAR - Depreciation 2017/18)	37.10	4 270
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be added as missed on FAR - Cost)	37.09	22 495
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be added on FAR as missed - Accumulated Depreciation)	37.09	-4 999
	Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be added as missed on FAR - Depreciation 2017/18)	37.10	-500
	Correction of PPE - Other Assets against Accumulated Surplus (Correction of duplicate assets to be removed as incorrected included on FAR - Cost)	37.09	-5 600
	Correction of PPE - Other Assets against Accumulated Surplus (Correction of duplicate assets to be removed as incorrected included on FAR - Accumulated Depreciation)	37.09	5 169
	Correction of PPE - Other Assets against Statement of Financial Performance - Depreciation and Amortisation (Correction of duplicate assets to be removed as incorrected included on FAR - Depreciation charge 2017/18)	37.10	144
	Total		**392 612 085**

37	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)		2018 R
37.07	**Operating Lease asset**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**93 910**
	Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad to be recognised during 2016/17)	37.09	8 676
	Correction of Operating lease Assets against Statement of Financial Performance - Rental of facilities and equipment (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad and Vodacom Breipaal and Prime Media to be recognised during 2017/18)	37.10	16 392
	Total		**118 978**
37.08	**Payables from exchange transactions**		
	Disclosure as required by GRAP 1.		
	Balance previously reported		**131 683 829**
	Correction of PPE - Infrastructure against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.06	553 570
	Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell - Retention - WIP)	37.06	86 601
	Correction of PPE - Infrastructure against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention - WIP)	37.06	-44 103
	Correction of Vat Payable from exchange transactions - vat input in suspense against Trade and Other Payables - Trade Payables (Correction of Project Upgrading of Gravel Roads Campbell - WIP)	37.01	83 035
	Correction of VAT payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Upgrading of Gravel Roads Campbell -	37.01	12 990
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Trade and Other Payables - Sundry Payables (Correction of Project Campbell High Mast Lights - Retention -	37.01	-6 174
	Total		**132 369 748**

37.09	**Accumulated Surplus/(Deficit)**		2018 R
	Disclosure as required by GRAP 1.		
	Balance previously reported		**246 793 143**
	Correction of PPE - Land and Buildings against Accumulated Surplus (Correction of Land - Erf 332 included on FAR)	37.06	312 000
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be removed as incorrected included on FAR - Cost)	37.06	-507 497
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be removed as incorrected included on FAR - Accumulated Depreciation)	37.06	112 777
	Correction of Trade and Other Receivables from Non-Exchange Transactions - Taxes - Rates against Accumulated Surplus (Capital instalment correction prior 2017)	37.05	2 257
	Correction of Accumulated Surplus against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing prior to 2017/18)	37.05	-94 442
	Correction of Operating lease Assets against Accumulated Surplus/(Deficit) (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad to be recognised during 2016/17)	37.07	8 676
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be added as missed on FAR - Cost)	37.06	22 495
	Correction of PPE - Infrastructure - Electricity Network against Accumulated Surplus (Correction of LV to be added on FAR as missed - Accumulated Depreciation)	37.06	-4 999
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Accumulated Surplus (Correction of VAT input as per corrected PV02 balance due to 14% vs 15% in prior years)	37.01	-611 822
	Correction of PPE - Other Assets against Accumulated Surplus (Correction of duplicate assets to be removed as incorrected included on FAR - Cost)	37.06	-5 600
	Correction of PPE - Other Assets against Accumulated Surplus (Correction of duplicate assets to be removed as incorrected included on FAR - Accumulated Depreciation)	37.06	5 169
	Total		**246 032 158**

37 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

			2018 R
37.10	Changes to Statement of Financial Performance		
	Balance previously reported		-27 701 870
	Correction of unspent conditional government grants and receipts against statement of financial performance - Government grants and subsidies (Correction of MIG recognition of revenue for 2017/18)	37.03	685 915
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Water (Capturing Smart meter sales for May and June [illegible])	37.04	6 475
	Correction of Trade and Other Receivables from Exchange Transactions against Statement of Financial Performance - Service charges - Electricity (Capturing Smart meter sales for May and June [illegible])	37.04	42 012
	Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be removed as incorrected included on FAR - Depreciation 2017/18)	37.06	11 278
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - General expenses - Entertainment (Correction of VAT input claimed on invoices reversal)	37.01	-72
	Correction of VAT Payable from exchange transactions - VAT input in suspense against Statement of Financial Performance - Operating Grant Expenditure - Community and Social Services (Correction of VAT input claimed on invoices reversal)	37.01	-3 558
	Correction of Long term liabilities against Statement of Financial Performance - Finance Charges - Long term liabilities (Correction of finance charges due to escalation adjustment and water meters recognised for 2017/18)	37.02	-138 250
	Correction of Long term liabilities against Statement of Financial Performance - General Expenses - Meter Management Fees (Correction of payment allocation to Long term liabilities due to escalation adjustment and water meters recognised for 2017/18)	37.02	-11 991
	Correction of PPE - Leased Assets - Water network against Statement of Financial Performance - Depreciation charge (Correction of 44 Smart water meters to be removed as incorrected included on FAR - Depreciation 2017/18)	37.06	4 270
	Correction of Statement of financial performance - Property rates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.05	-150 433
	Correction of Statement of financial performance - Property rates : Less Rebates against Trade and other receivables from Non-exchange transactions - Rates (Correction of billing during 2017/18)	37.05	-1 282
	Correction of Operating lease Assets against Statement of Financial Performance - Rental of facilities and equipment (Correction of Renewal and extension contracts for Vodacom and MTN at Griekwastad and Vodacom Breipaai and Prime Media to be recognised during 2017/18)	37.07	16 392
	Reclassification of Vote 0521/4375/0000 from Operating Grant Expenditure to Employee related Costs - Salaries and Wages	37.10	-1 131 967
	Reclassification of Vote 0521/4375/0000 from Operating Grant Expenditure to Employee related Costs - Salaries and Wages	37.10	1 131 967
	Reclassification of Vote 0401/4371/0000 from Operating Grant Expenditure to General Expenses - Other Expenditure	37.10	-63 536
	Reclassification of Vote 0401/4371/0000 from Operating Grant Expenditure to General Expenses - Other Expenditure	37.10	63 536
	Correction of PPE - Infrastructure - Electricity Network against Statement of Financial Performance (Correction of LV to be added as missed on FAR - Depreciation 2017/18)	37.06	-500
	Correction of Trade and Other Receivables from Exchange Transactions - Other Arrears against Statement of Financial Performance - Rental of Facilities and Equipment (Correction of ANC office rental for 2017/18)	37.04	4 696
	Correction of PPE - Other Assets against Statement of Financial Performance - Depreciation and Amortisation (Correction of duplicate assets to be removed as incorrected included on FAR - Depreciation charge 2017/18)	37.06	144
	Total		**-27 236 774**

		2019 R	2018 R
38	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	(10 391 095)	(27 236 774)
	Adjustments for:		
	Depreciation	11 232 595	10 162 458
	Amortisation of Intangible Assets	92 569	100 901
	Contributed PPE	(174 777)	-
	Impairments	-	599 730
	(Gain)/ loss on disposal of Property Plant and Equipment	283 104	(883 148)
	(Gain)/ loss on disposal of Biological Assets	(117 112)	(49 735)
	(Gain)/ loss from landfill cost reversal	-	(460 708)
	Contribution from/to employee benefits - benefits paid	(1 183 705)	(711 264)
	Contribution from/to employee benefits - non-current - expenditure incurred	2 789 773	2 834 195
	Contribution from/to employee benefits - non-current - actuarial gains	(1 889 286)	(1 986 657)
	Contribution to employee benefits – current	3 282 263	3 121 077
	Contribution to employee benefits – current - expenditure incurred	(3 591 828)	(2 604 405)
	Contribution to provisions – current	1 388 543	1 338 539
	Contribution to provisions – Debt Impairment	29 577 354	24 357 641
	Bad Debt written off	(13 719 583)	(35 073 333)
	Fair Value Adjustments	30 037	(80 362)
	Operating lease income accrued	28 006	13 408
	Operating Surplus/(Deficit) before changes in working capital	17 636 858	(26 558 437)
	Changes in working capital	14 414 301	38 394 127
	Increase/(Decrease) in Payables From Exchange Transactions	36 841 446	17 619 284
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	807 490	13 646 661
	(Increase)/Decrease in Taxes	(3 029 241)	(1 542 114)
	(Increase)/Decrease in Inventory	(1 054)	281 553
	(Increase)/Decrease in Trade Receivables from exchange transactions	(14 474 906)	10 869 648
	(Increase)/Decrease in Other Receivables from non-exchange transactions	(5 729 434)	(2 480 905)
	Cash generated/(absorbed) by operations	**32 051 158**	**11 835 690**

			2019 R	2018 R
39	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents included in the cash flow statement comprise the following:			
	Call Investments Deposits	12	350 297	248 706
	Cash Floats	12	550	550
	Bank	12	6 279 364	964 490
	Total cash and cash equivalents		**6 630 211**	**1 213 746**

40	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**			
	Cash and Cash Equivalents	39	6 630 211	1 213 746
			6 630 211	1 213 746
	Less:		16 943 651	16 136 161
	Unspent Committed Conditional Grants - Prior year - Still to be withheld	20	12 877 161	-
	Unspent Committed Conditional Grants - Current year		4 066 490	16 136 161
	Resources available for working capital requirements		**(10 313 440)**	**(14 922 415)**

41 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities	13	9 555 078	10 418 406
Used to finance property, plant and equipment - at cost		-9 555 078	-10 418 406
		-	-
Cash set aside for the repayment of long-term liabilities		-	-
Cash invested for repayment of long-term liabilities		**-**	**-**

42 BUDGET INFORMATION

	2019 R	2018 R

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the additional Statement of comparison of budget and actual amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of comparison of budget and actual amounts.

43 CASH FLOW PRESENTATION

	2019 R	2018 R

The Cash flow statement has been prepared on the direct method as in accordance with GRAP 2. The comparative amounts have been adjusted with any changes made to the comparative amounts as disclosed in Note 37.

		2019	2018
44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	R	R

44.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	37 066 582	197 634 657
Unauthorised expenditure current year - capital	5 625 145	710 714
Unauthorised expenditure current year - operating	26 453 782	36 355 867
Approved by Council or condoned	(37 066 582)	(197 634 657)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	**32 078 927**	**37 066 582**

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	*None*

Unauthorised expenditure current year - operating	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (Unauthorised)
Executive & Council	6 668 452	9 315 936	(2 647 484)	-
Budget & Treasury	42 826 341	28 845 517	13 980 824	13 980 824
Corporate Services	34 661 098	23 571 978	11 089 120	11 089 120
Health	(68 006)	-	(68 006)	-
Community & Social Services	3 156 620	4 007 313	(850 693)	-
Public Safety	3 608 332	4 564 152	(955 820)	-
Sport & Recreation	781 865	1 135 881	(354 016)	-
Waste Management	7 765 675	5 725 891	2 039 784	2 039 784
Waste Water Management	12 355 656	13 613 581	(1 257 925)	-
Road Transport	11 712 836	13 714 867	(2 002 031)	-
Water	17 403 543	22 607 897	(5 204 354)	-
Electricity	48 091 269	57 304 855	(9 213 586)	-
	188 963 681	**184 407 868**	**4 555 813**	**27 109 728**

Unauthorised expenditure current year - operating (per vote)				
Municipal Manager	1 034 508	1 362 705	(328 197)	-
Council	6 668 452	7 953 231	(1 284 779)	-
Corporate and Human Resources	33 626 590	23 571 978	10 054 612	10 054 612
Finance	42 252 166	27 836 018	14 416 148	14 416 148
Properties	874 346	1 009 499	(135 153)	-
Libraries	2 630 891	3 206 606	(575 715)	-
Cemetary	565 549	800 707	(235 158)	-
Parks and Recreation	996 650	1 135 881	(139 231)	-
Disaster Management	649 837	663 228	(13 391)	-
Waste Management	7 708 913	5 725 891	1 983 022	1 983 022
Public Works	11 717 045	13 714 867	(1 997 822)	-
Electricity	46 247 377	57 304 855	(11 057 478)	-
Water	18 557 314	22 607 897	(4 050 583)	-
Waste Water Management	12 489 684	13 613 581	(1 123 897)	-
Traffic	2 944 359	3 900 924	(956 565)	-
	188 963 681	**184 407 868**	**4 555 813**	**26 453 782**

Unauthorised expenditure current year - capital	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (Unauthorised)
Budget & Treasury	1 790 109	-	1 790 109	1 790 109
Corporate Services	340 238	-	340 238	340 238
Waste Management	-	1 919 000	(1 919 000)	-
Waste Water Management	6 521 798	3 027 000	3 494 798	3 494 798
Road Transport	10 801 241	12 527 000	(1 725 759)	-
Water	1 485 626	7 500 000	(6 014 374)	-
Electricity	5 232 286	6 053 000	(820 714)	-
	26 171 298	**31 026 000**	**(4 854 702)**	**5 625 145**

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)

	2019 R	2018 R

Unauthorised expenditure current year - capital (per vote)

	R (Actual)	R (Budget)	R (Variance)	R (Unauthorised)
Corporate and Human Resources	340 238	-	340 238	340 238
Finance	1 790 109	-	1 790 109	1 790 109
Waste Management		1 919 000	(1 919 000)	-
Public Works	10 801 241	12 527 000	(1 725 759)	-
Electricity	5 232 286	6 053 000	(820 714)	-
Water	1 485 626	7 500 000	(6 014 374)	-
Waste Water Management	6 521 798	3 027 000	3 494 798	3 494 798
	26 171 298	**31 026 000**	**(4 854 702)**	**5 625 145**

	2019 R	2018 R
The over expenditure incurred by municipal departments on their operating budgets		
Non-cash	25 772 061	16 701 583
Cash	681 722	19 654 285
	26 453 782	**36 355 867**

	2019 R	2018 R
Analysed as follows: Non-cash		
Employee related cost (Actuarial Valuations)	1 889 286	1 986 657
Depreciation and Amortisation	3 999 663	2 605 130
Finance Charges (Interest portion of Provision for Rehabilitation of Landfill-sites)	1 388 543	1 338 539
Finance Charges (Actuarial Interest)	1 906 983	1 932 677
Loss on disposal of Property, Plant and Equipment	288 611	270 866
Impairment Losses	-	599 730
Debt Impairment	16 298 974	7 967 984
	25 772 061	**16 701 583**

	2019 R	2018 R
Analysed as follows: Cash		
Other	681 722	19 654 285
	681 722	**19 654 285**

44.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	12 578 090	24 037 910
Fruitless and wasteful expenditure current year	15 600 118	12 578 090
Condoned or written off by Council	(12 578 090)	(24 037 910)
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	**15 600 118**	**12 578 090**

Incident	Disciplinary steps/criminal proceedings		
2018 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R74 394.06	*None*	-	74 394
2018 - Interest for the late payment on Auditor General's account R16 506.80	*None*	-	16 507
2018 - Interest for the late payment on Eskom's account R12 421 876.94	*None*	-	12 421 877
2018 - Interest for the late payment on Nashua account R28 390.85	*None*	-	28 391
2018 - Interest for the late payment on various different vendors' accounts R36 920.95	*None*	-	36 921
2019 - Interest and Penalty's paid to SARS on EMP 201 returns amounting to R72 645.42	*None*	72 645	-
2019 - Interest for the late payment on Auditor General's account R80 623.89	*None*	80 624	-
2019 - Interest for the late payment on Eskom's account R15 253 457.03	*None*	15 253 457	-
2019 - Interest for the late payment on Nashua account R146 839.67	*None*	146 840	-
2019 - Interest for the late payment on various different vendors' accounts R46 552.37	*None*	46 552	-

44.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	6 982 029	73 587 614
Irregular expenditure current year	13 979 851	6 982 029
Written off by Council	-6 982 029	-73 587 614
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	**13 979 851**	**6 982 029**

Incident	Disciplinary steps/criminal proceedings		
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	-	291 605
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	-	3 410 094
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Preference Point System not applied	*None*	-	32 750
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day minimum period	*None*	-	425 760
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Local content not met	*None*	-	262 574
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - No Declaration of Interest	*None*	-	1 460
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Exceed Contract Value	*None*	-	430 449
2018 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Prior year identified in current year	*None*	-	2 127 336
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - 3 Quotations not obtained	*None*	704 578	-
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Bids exceeding R10 Million not advertised for 30 day minimum period	*None*	11 441 411	-
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Exceed Contract Value	*None*	484 808	-
2019 - List of Irregular expenditure - Non-compliance with Supply Chain Management Policy - Various	*None*	1 349 054	-

The list of Irregular expenditure will be investigated and proceedings will be reported on.

44.4 Material Losses

Electricity distribution losses		
Units purchased (Kwh)	30 548 825	30 410 767
- Units lost during distribution (Kwh)	6 509 824	6 476 788
- Percentage lost during distribution	21.31%	21.30%
Water distribution losses		
- Mega litres purified	1 816 020	1 816 020
- Mega litres lost during distribution	145 232	199 016
- Percentage lost during distribution	8.00%	10.96%

		2019 R	2018 R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
45.1	Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
	Opening balance	525 940	517 154
	Council subscriptions	844 925	508 786
	Amount paid - current year	-	(500 000)
	Amount paid - previous years	(250 000)	-
	Balance unpaid	**1 120 865**	**525 940**
45.2	Audit fees - [MFMA 125 (1)(b)]		
	Opening balance	432 869	4 716 948
	Current year audit fee	2 156 041	3 756 596
	Amount paid - current year	(1 118 872)	(3 323 727)
	Amount paid - previous year	(432 869)	(4 716 948)
	Balance unpaid (included in creditors)	**1 037 169**	**432 869**
45.3	VAT - [MFMA 125 (1)(b)]		
	VAT	**14 339 154**	**11 309 913**

VAT is payable/receivable on the cash basis.

		2019 R	2018 R
	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)		
45.4	PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
	Opening balance	1 373 869	614 425
	Current year payroll deductions and Council Contributions	9 173 564	8 634 713
	Amount paid - current year	-9 817 800	-7 875 269
	Balance unpaid (included in creditors)	**729 634**	**1 373 869**
45.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
	Opening balance	1 102 560	987 060
	Current year payroll deductions and Council Contributions	14 470 486	13 514 352
	Amount paid - current year	-13 255 677	-12 411 791
	Amount paid - previous year	-1 102 560	-987 060
	Balance unpaid (included in creditors)	**1 214 809**	**1 102 560**

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:

	2019 R Outstanding more than 90 days	2018 R Outstanding more than 90 days
A. Olifant	29 926	30 467
L. van Niekerk	-	27 640
Total Councillor Arrear Consumer Accounts	**29 926**	**58 108**

45.7 Non-Compliance with MFMA

* *Section 65(2)(e) of the MFMA: Creditors were not paid within the 30 day limit.*

		2019 R	2018 R
45	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)		

45.8 Deviations - Supply Chain Management

Deviations from the Supply Chain Management Regulations were identified on the following categories:

Deviations per financial category		
- Between R 0 and R 2 000	-	-
- Between R 2 000 and R 10 000	211 436	196 077
- Between R 10 000 and R 30 000	519 269	502 989
- Between R 30 000 and R 500 000	1 322 875	3 233 058
	2 053 580	3 932 124

Deviations between R30 000 and R500 000

Olefile Security - Month to Month contract - Deviation from SCM	-	798 523
Amaruri Security - Month to Month contract - Deviation from SCM	-	457 876
University of Fort Hare - Training of Councillors - Deviation from SCM	79 950	-
Marvin Marketing - Sole supplier - Deviation from SCM	308 200	410 386
Douglas Engineering - Insufficient quotes - Deviation from SCM	38 003	-
Earth Moving Equipment - Repairs - Deviation from SCM	51 491	128 334
Media 24 Limited - Must advertise in different newspapers - Deviation from SCM	-	121 678
Test It Lab - Insufficient Quotes - Deviation from SCM	49 365	-
University of Free State - Insufficient Quotations (testing of water) - Deviation from SCM	36 778	-
WITS School of Goverance - Insufficient Quotations - Deviation from SCM	146 500	-
Nashua - Sole Provider - Deviation from SCM	-	270 910
WEC Projects (Pry)Ltd - Insufficient Quotes - Deviations from SCM	79 373	-
Gariep Motors - Emergency - Sole Provider - Deviation from SCM	-	56 479
Fedility Cash Solution - Deviation from SCM	490 574	481 674
Astra Travel - Hiring of car for Mayor - Deviation from SCM	-	54 916
C-Pac Pumps - Insufficient quotes - Deviation from SCM	-	32 459
DJ de Smidt - Insufficient quotes - Deviation from SCM	-	51 750
NC Pumps - Insufficient quotes - Deviation from SCM	42 642	70 680
Occuhealth - Insufficient quotes - Deviation from SCM	-	103 020
WJ van Bergen - Emergency repair sanitation - Deviation from SCM	-	194 374

		2019 R	2018 R
46	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	124 563 207	142 647 123
	Infrastructure	124 563 207	142 647 123
	Total	**124 563 207**	**142 647 123**
	This expenditure will be financed from:		
	Government Grants	124 563 207	142 647 123
		124 563 207	**142 647 123**

		2019 R	2018 R
47	FINANCIAL RISK MANAGEMENT		

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

	2019 R	2018 R
The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:		
0.5% (2018 - 0.5%) Increase in interest rates	(14 627)	(46 133)
0.5% (2018 - 0.5%) Decrease in interest rates	14 627	46 133

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 7 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 7 for balances included in receivables that were re-negotiated for the period under review.

		2019 R	2018 R
47	FINANCIAL RISK MANAGEMENT (CONTINUE)		

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates	100.00%	1 950 181	100.00%	735 104
Exchange Receivables				
Electricity	23%	1 034 626	22%	654 960
Water	40%	1 753 795	34%	1 017 783
Refuse	18%	813 288	19%	558 183
Sewerage	24%	1 084 453	24%	720 355
Other	-6%	(250 177)	1%	34 354
	100.00%	4 435 985	100.00%	2 985 635

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 7 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Electricity	3.42%	2 848 784	3.17%	2 136 380
Water	32.83%	27 360 113	31.76%	21 430 240
Refuse	17.99%	14 992 070	17.81%	12 017 449
Sewerage	20.08%	16 731 495	19.81%	13 368 732
Other Consumer Arrears	0.13%	109 191	1.68%	1 131 893
Rates	13.57%	11 310 012	14.78%	9 971 604
Fines	11.97%	9 975 627	10.99%	7 413 222
	100.00%	83 327 291	100.00%	67 469 520

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

Trade receivables and other receivables	20 139 424	15 792 856
Cash and Cash Equivalents	6 630 211	1 213 746
	26 769 635	17 006 602

		2019 R	2018 R

47 FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2019				
Long Term liabilities	4 792 648	9 160 616	-	-
Capital repayments	2 854 729	6 700 348	-	-
Interest	1 937 919	2 460 268	-	-
Payables From Exchange Transactions	1 344 339	790 850	-	-
Capital repayments	1 344 339	790 850	-	-
Interest	-	-	-	-
Provisions	11 713 152	15 863 572	-	-
Capital repayments	11 713 152	13 132 644	-	-
Interest	-	2 730 928	-	-
Unspent conditional government grants and receipts	16 943 651	-	-	-
	34 793 790	25 815 038	-	-
2018				
Long Term liabilities	4 983 558	10 843 182	-	-
Capital repayments	2 206 282	8 233 514	-	-
Interest	2 777 276	2 609 668	-	-
Payables From Exchange Transactions	52 305 343	44 205 133	35 859 272	-
Capital repayments	51 425 228	41 752 201	35 418 544	-
Interest	880 115	2 452 932	440 728	-
Provisions	10 792 676	15 158 107	-	-
Capital repayments	10 792 676	11 782 747	-	-
Interest	-	3 375 360	-	-
Unspent conditional government grants and receipts	16 822 076	-	-	-
	84 903 654	70 206 422	35 859 272	-

			2019 R	2018 R
48	**FINANCIAL INSTRUMENTS**			
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected bellow.			
48.1	**Financial Assets**	**Classification IAS 39**		
	Long-term Receivables			
	Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
	Consumer Debtors			
	Trade receivables from exchange transactions	Financial instruments at amortised cost	73 629 211	57 454 569
	Other receivables from exchange transactions	Financial instruments at amortised cost	4 518 485	6 218 222
	Other receivables from non-exchange transactions	Financial instruments at amortised cost	25 319 020	19 589 585
	Other Debtors			
	Government Subsidies and Grants	Financial instruments at amortised cost	-	-
	Current Portion of Long-term Receivables			
	Trade and other receivables with arrangements	Financial instruments at amortised cost	-	-
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	350 297	248 706
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	6 279 364	964 490
	Cash Floats and Advances	Financial instruments at amortised cost	550	550
			110 096 927	**84 476 122**
	SUMMARY OF FINANCIAL ASSETS			
	Financial Instruments at amortised cost		**110 096 927**	**84 476 122**
48.2	**Financial Liability**	**Classification IAS 39**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	-	-
	Capitalised Lease Liability	Financial instruments at amortised cost	6 700 348	7 764 969
	Trade Payables			
	Trade creditors	Financial instruments at amortised cost	157 586 524	125 455 125
	Sundry creditors	Financial instruments at amortised cost	11 182 678	6 488 199
	Deposits	Financial instruments at amortised cost	-	-
	Unspent Conditional Grants and Receipts			
	Other Spheres of Government	Financial instruments at amortised cost	16 943 651	16 136 161
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	-	-
	Capitalised Lease Liability	Financial instruments at amortised cost	2 854 729	2 674 827
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	-	-
			195 267 931	**158 519 282**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**195 267 931**	**158 519 282**

		2019 R	2018 R
49	**EVENTS AFTER THE REPORTING DATE**		
	Fraud investigation in terms of fictitious wage timesheets made by the Human Resources clerk.		
	Theft investigation regarding money stolen from the cash office at the Traffic department.		

		2019 R	2018 R
50	**IN-KIND DONATIONS AND ASSISTANCE**		

The municipality received funding from various parties for the SAMSRA Games to the value of R25 000.

Donations received is due to financial assistance received from National Treasury with regards to the Auditor General's prior period audit fees and outstanding interest to the value or R1 120 958.

Gentra Twenty Two CC donated a paving block making machine to the Municipality during the financial year. The value of the machine amounts to R174 776-80, this has been included in contributed PPE.

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITY

Siyancuma has a possible liability regarding litigation claims for damages by S Jantjies	-	25 286
Siyancuma has a possible liability regarding litigation claims for damages by J Kerhoff	-	26 180
Siyancuma has a possible liability regarding litigation claims for damages by WJ van der Merwe	-	221 112
Siyancuma has a possible liability regarding litigation claims for damages by MJ van Zyl	-	245 758
Siyancuma has a possible liability regarding litigation claims for damages by JS Fourie	-	60 000

Siyancuma Municipality has a possible liability with regards to the landfill site licence for Griekwastad which is outstanding, the amount of the liability is unknown.

53 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

53.1 Related Party Transactions

		Rates - Levied 1 July 2018 - 30 June 2019	Service Charges - Levied 1 July 2018 - 30 June 2019	Other - Levied 1 July 2018 - 30 June 2019	Outstanding Balances 30 June 2019
Year ended 30 June 2019					
Councillors		**1 065**	**35 342**	**5 746**	**53 139**
A. Oliphant	3C0500/300500	-	-	5 746	30 302
A. Oliphant	3C0139/300139	-	2 280	-	190
L van Niekerk	100153/100756	1 065	8 433	-	283
KJ Apie	201022/202116	-	9 118	-	417
L van Wyk	131406/105258	-	3 728	-	253
MF Fillis	100298/108709	-	2 652	-	265
CC Zealand	132548/108644	-	2 824	-	220
XS Geco	132546/108327	-	6 308	-	205
L. Oliphant		-	-	-	21 005

		Rates - Levied 1 July 2017 - 30 June 2018	Service Charges - Levied 1 July 2017 - 30 June 2018	Other - Levied 1 July 2017 - 30 June 2018	Outstanding Balances 30 June 2018
Year ended 30 June 2018					
Councillors		**3 882**	**20 023**	**2 791**	**88 639**
A. Oliphant	3C0500/300500	-	-	2 791	31 170
A. Oliphant	3C0139/300139	-	2 114	-	177
L van Niekerk	100153/100756	3 882	7 299	-	30 005
KJ Apie	201022/202116	-	10 610	-	1 076
L. Oliphant		-	-	-	23 205
C. Olyn		-	-	-	3 005

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

		2019 R	2018 R
53	RELATED PARTIES (CONTINUE)		

53.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note to the Annual Financial Statements.

53.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

53.4 Other related party transactions

None to report

54 FINANCIAL SUSTAINABILITY

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

Financial Indicators

The current ratio decreased to 0.2:1 from 0.321 in the prior year.

The municipality has furthermore budgeting for negative cash flows during 2019/2020 and 2020/2021 amounting to R30 449 0000 and R33 103 000 respectively.

The average debtors' payment days decreased to 491 days from 476 days. The debtors impairment ratio increased to 81% from the previous year's 81%.

Other Indicators

Possible outflow of recources due the contingent liability disclosed in note 52

APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Balance at 30 June 2018 Restated	Received during the period	Redeemed written off during the period	Balance at 30 June 2019
LEASE LIABILITY									
Various (R150100)	9 to 59%	Nashua	2019/12/31	1 927 621	-	1 927 621	-	(1 139 207)	788 414
Various (R2200)	48.00%	Nashua	2020/01/31	33 011	-	33 011	-	(17 944)	15 067
Various (R18918)	41.00%	Nashua	2020/03/31	319 068	-	319 068	-	(154 470)	164 598
PABX (R16700)	19.50%	Nashua	2020/09/30	413 640	-	413 640	-	(161 933)	251 707
CCTV Cameras (R24000)	25.42%	Nashua	2021/01/31	617 202	-	617 202	-	(192 883)	424 319
Biometric Access Control (R28500)	23.53%	Nashua	2021/06/30	731 025	-	731 025	-	(189 577)	541 448
Smartmeters	19 to 57%	Gridcontrol Technologies	2024/04/30	6 376 839	21 390	6 398 230	1 790 109	(818 814)	7 369 524
							-		
Total Lease Liabilities				**10 418 406**	**21 390**	**10 439 797**	**1 790 109**	**(2 674 827)**	**9 555 078**
TOTAL EXTERNAL LOANS				**10 418 406**	**21 390**	**10 439 797**	**1 790 109**	**(2 674 827)**	**9 555 078**

APPENDIX B - Unaudited

SIYANCUMA LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

MUNICIPAL VOTES CLASSIFICATION

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
(424 664)	-	(424 664)	Assesment Rates	(226 116)	-	(226 116)
47 653	(710 462)	(662 808)	Cemetary	51 107	(565 549)	(514 442)
-	-	-	Civic Centre	-	-	-
5 054 936	(8 946 997)	(3 892 061)	Cleansing	6 863 708	(7 765 675)	(901 967)
2 225 351	(7 708 752)	(5 483 402)	Corporate and Human Resources	2 767 514	(33 626 590)	(30 859 076)
-	-	-	Council General	-	-	-
-	-	-	Depreciation Reserves	-	-	-
109 153	(204 411)	(95 258)	Douglas Holiday Resort	162 185	(208 797)	(46 612)
42 286 142	(45 062 475)	(2 776 333)	Electricity	45 529 374	(48 741 993)	(3 212 619)
62 013 615	(44 578 419)	17 435 196	Finance	60 872 471	(41 725 301)	19 147 170
-	(575 848)	(575 848)	Fire Bridge	-	(663 974)	(663 974)
-	(6 331 308)	(6 331 308)	Governance - Council	-	(6 668 452)	(6 668 452)
-	(141 344)	(141 344)	Health Services	-	14 136	14 136
2 345 000	(253 777)	2 091 223	Interns	2 415 000	(526 865)	1 888 135
1 658 950	(2 787 168)	(1 128 218)	Library	662 250	(2 630 891)	(1 968 641)
-	-	-	Licences	450	-	450
52 905	-	52 905	Meent	88 358	-	88 358
-	(1 171 162)	(1 171 162)	Municipal Manager	-	(1 034 508)	(1 034 508)
-	(769 375)	(769 375)	Parks and Recreation	-	(787 853)	(787 853)
109 122	(2 152 263)	(2 043 141)	Properties	109 517	(874 346)	(764 829)
2 548 304	(12 113 904)	(9 565 601)	Public Works: Roads	14 421 427	(11 717 045)	2 704 382
-	-	-	Sanitation	-	-	-
6 145 342	(16 055 066)	(9 909 724)	Sewerage and Sanitation	8 754 527	(12 550 510)	(3 795 983)
-	-	-	Stormwater Drainage	-	-	-
3 882 214	(3 355 786)	526 428	Traffic	3 542 812	(2 944 359)	598 453
20 500 559	(26 169 529)	(5 668 970)	Water	32 558 001	(18 621 931)	13 936 070
148 554 583	(179 088 046)	(30 533 463)	Sub Total	178 572 585	(191 640 503)	(13 067 918)
-	3 295 983	3 295 983	Less Inter-Departmental Charges	-	2 676 822	2 676 822
148 554 583	(175 792 062)	(27 237 480)	**Total**	178 572 585	(188 963 681)	(10 391 096)

APPENDIX C - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
-	(6 331 308)	(6 331 308)	Executive & Council	-	(6 668 452)	(6 668 452)
64 043 074	(46 984 459)	17 058 614	Budget & Treasury	63 170 872	(43 126 512)	20 044 360
2 278 256	(8 879 915)	(6 601 658)	Corporate Services	2 855 873	(34 661 098)	(31 805 225)
-	(141 344)	(141 344)	Health	-	14 136	14 136
1 706 603	(3 497 629)	(1 791 026)	Community & Social Services	713 357	(3 196 440)	(2 483 083)
3 882 214	(3 931 634)	(49 420)	Public Safety	3 543 262	(3 608 332)	(65 070)
109 153	(973 786)	(864 633)	Sport & Recreation	162 185	(996 650)	(834 465)
5 054 936	(8 946 997)	(3 892 061)	Waste Management	6 863 708	(7 765 675)	(901 967)
6 145 342	(16 055 066)	(9 909 724)	Waste Water Management	8 754 527	(12 550 510)	(3 795 983)
2 548 304	(12 113 905)	(9 565 601)	Road Transport	14 421 427	(11 717 045)	2 704 382
20 500 559	(26 169 528)	(5 668 969)	Water	32 558 001	(18 621 931)	13 936 070
42 286 142	(45 062 471)	(2 776 329)	Electricity	45 529 374	(48 741 989)	(3 212 615)
						-
148 554 583	(179 088 042)	(30 533 459)	Sub Total	178 572 586	(191 640 498)	-13 067 912
-	3 295 983	3 295 983	Less Inter-Departmental Charges	-	2 676 822	2 676 822
148 554 583	(175 792 059)	(27 237 476)	**Total**	178 572 586	(188 963 676)	(10 391 090)

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 July 2018	Correction of error	Restated balance 1 July 2018	Contributions during the year	Transfer	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Current year Balance 30 June 2019	Balance 30 June 2019
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R		R
Library Project	-	-	-	662 000	-	662 000	-	-	-
FMG	-	-	-	2 415 000	-	2 415 000	-	-	-
Equitable Share	-	-	-	42 143 000	3 259 000	45 402 000	-	-	-
MIG	8 346 109	(685 915)	7 660 195	16 355 000	(1 669 211)	-	12 421 427	3 933 573	9 924 557
LG Seta	526 970	-	526 970	473 815	-	342 630	-	131 185	658 155
EPWP	-	-	-	1 000 000	-	1 000 000	-	-	-
Pixley District Grant	-	-	-	2 000 000	-	2 000 000	-	-	-
INEG	-	-	-	5 000 000	-	-	5 000 000	-	-
RBIG	-	-	-	1 700 000	-	-	1 700 000	-	-
WSIG	7 948 997	-	7 948 997	7 500 000	(1 589 789)	-	7 498 268	1 732	6 360 940
Total	**16 822 076**	**-685 915**	**16 136 161**	**79 248 815**	**-**	**51 821 630**	**26 619 695**	**4 066 490**	**16 943 651**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)

Description	2018/2019							2017/2018
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue - Standard								
Governance and administration	62 772	342	63 114	66 027	2 913	104.6%	105.2%	66 321
Executive and council	2 873	–	2 873	–	(2 873)	-	-	–
Finance and administration	59 899	342	60 241	66 027	5 786	109.6%	110.2%	66 321
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	827	–	827	4 419	3 592	534.2%	534.2%	5 698
Community and social services	705	–	705	713	8	101.2%	101.2%	1 707
Sport and recreation	122	–	122	162	40	100.0%	100.0%	109
Public safety	–	–	–	3 543	–	100.0%	100.0%	3 882
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	5 808	(702)	5 106	14 421	9 316	282.5%	248.3%	2 548
Planning and development	16	–	16	–	(16)	-	-	–
Road transport	5 792	(702)	5 090	14 421	9 332	283.3%	249.0%	2 548
Environmental protection	–	–	–	–	–	-	-	–
Trading services	96 668	7 514	104 181	93 706	(10 476)	89.9%	96.9%	73 987
Electricity	62 218	(161)	62 058	45 529	(16 528)	73.4%	73.2%	42 286
Water	26 171	4 500	30 672	32 558	1 886	106.1%	124.4%	20 501
Waste water management	4 876	1 178	6 054	8 755	2 700	144.6%	179.5%	6 145
Waste management	3 402	1 996	5 398	6 864	1 466	127.2%	201.8%	5 055
Other	–	–	–	–	–	-	-	–
Total Revenue - Standard	166 074	7 154	173 228	178 573	5 345	103.1%	107.5%	148 555
Expenditure - Standard								
Governance and administration	62 747	(1 289)	61 458	84 156	22 697	136.9%	134.1%	81 928
Executive and council	10 278	(962)	9 316	6 668	(2 647)	71.6%	64.9%	6 331
Finance and administration	52 469	(327)	52 142	77 487	25 345	148.6%	147.7%	55 597
Internal audit	–	–	–	–	–	-	-	–
Community and public safety	5 707	(270)	5 437	7 479	2 042	137.6%	131.0%	8 250
Community and social services	3 916	49	3 965	3 157	(809)	79.6%	80.6%	3 462
Sport and recreation	821	26	847	782	(65)	92.3%	95.2%	760
Public safety	570	–	570	3 608	3 038	100.0%	633.1%	3 932
Housing	–	–	–	–	–	-	-	–
Health	400	(345)	55	(68)	(123)	100.0%	100.0%	96
Economic and environmental services	17 480	95	17 575	11 713	(5 862)	66.6%	67.0%	12 079
Planning and development	–	–	–	–	–	-	-	–
Road transport	17 480	95	17 575	11 713	(5 862)	66.6%	67.0%	12 079
Environmental protection	–	–	–	–	–	-	-	–
Trading services	99 136	802	99 938	85 616	(14 322)	85.7%	86.4%	93 535
Electricity	59 700	294	59 994	48 091	(11 903)	80.2%	80.6%	44 400
Water	21 231	377	21 608	17 404	(4 204)	80.5%	82.0%	24 333
Waste water management	12 545	65	12 610	12 356	(254)	98.0%	98.5%	15 855
Waste management	5 661	65	5 726	7 766	2 040	135.6%	137.2%	8 947
Other	–	–	–	–	–	-	-	–
Total Expenditure - Standard	183 071	(663)	184 408	188 964	4 556	102.5%	102.1%	175 792
Surplus/(Deficit) for the year	(18 996)	7 816	(11 180)	(10 391)	789	92.9%	54.7%	(27 237)

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)

Description	2018/2019							2017/2018
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome es % of Original Budget	Restated Audited Outcome
Revenue by Vote								
Municipal Manager	–	–	–	–	–	-	-	–
Council	2 873	–	2 873	–	(2 873)	-	-	–
Corporate and Human Resources	242	81	323	2 856	2 533	883.9%	1180.3%	2 278
Finance	59 421	261	59 682	63 061	3 379	105.7%	106.1%	63 934
Properties	251	–	251	110	(142)	43.6%	43.6%	109
Libraries	663	–	663	662	(1)	99.9%	99.9%	1 659
Cemetary	42	–	42	51	9	121.5%	121.5%	48
Parks and Recreation	122	–	122	162	40	100.0%	100.0%	109
Health Services	–	–	–	–	–	-	-	–
Waste Management	3 402	1 996	5 398	6 864	1 466	127.2%	201.8%	5 055
Public Works	1 000	–	1 000	14 421	13 421	1442.1%	1442.1%	2 548
Electricity	62 218	(161)	62 058	45 529	(16 528)	73.4%	73.2%	42 286
Water	26 171	4 500	30 672	32 558	1 886	106.1%	124.4%	20 501
Waste Water Management	4 876	1 178	6 054	8 755	2 700	144.6%	179.5%	6 145
Traffic	4 792	(702)	4 090	3 543	(547)	86.6%	73.9%	3 882
Total Revenue by Vote	**166 074**	**7 154**	**173 228**	**178 573**	**5 345**	**103.1%**	**107.5%**	**148 555**
Expenditure by Vote *to be appropriated*								
Municipal Manager	2 325	(962)	1 363	1 035	(328)	75.9%	44.5%	1 171
Council	7 953	–	7 953	6 668	(1 285)	83.8%	83.8%	6 331
Corporate and Human Resources	21 786	1 786	23 572	34 291	10 719	145.5%	157.4%	8 285
Finance	27 465	337	27 802	42 216	14 414	151.8%	153.7%	44 795
Properties	3 218	(2 450)	768	610	(158)	79.4%	19.0%	1 921
Libraries	3 116	49	3 165	2 591	(574)	81.9%	83.2%	2 751
Cemetary	801	–	801	566	(235)	70.6%	70.6%	710
Parks and Recreation	821	26	847	782	(65)	92.3%	95.2%	760
Fire Brigade	570	–	570	–	(570)	-	-	–
Health Services	400	(345)	55	(68)	(123)	-124.1%	-17.0%	96
Waste Management	5 661	65	5 726	7 766	2 040	135.6%	137.2%	8 947
Public Works	13 579	95	13 674	11 713	(1 961)	85.7%	86.3%	12 079
Electricity	59 700	294	59 994	48 091	(11 903)	80.2%	80.6%	44 400
Water	21 231	377	21 608	17 404	(4 204)	80.5%	82.0%	24 333
Waste Water Management	12 545	65	12 610	12 356	(254)	98.0%	98.5%	15 855
Traffic	3 901	–	3 901	2 944	(957)	75.5%	75.5%	3 356
Total Expenditure by Vote	**185 071**	**(663)**	**184 408**	**188 964**	**4 556**	**102.5%**	**102.1%**	**175 792**
Surplus/(Deficit) for the year	**(18 996)**	**7 816**	**(11 180)**	**(10 391)**	**789**	**92.9%**	**54.7%**	**(27 237)**

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
REVENUE AND EXPENDITURE (REVENUE BY SOURCE AND EXPENDITURE BY TYPE)

Description	2018/2019							2017/2018
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Revenue By Source								
Property rates	13 056	(289)	12 767	12 655	(112)	99.1%	96.9%	11 811
Service charges - electricity revenue	40 811	(161)	40 650	39 209	(1 441)	96.5%	96.1%	29 044
Service charges - water revenue	18 671	4 500	23 172	23 340	168	100.7%	125.0%	17 159
Service charges - sanitation revenue	4 876	1 178	6 054	8 755	2 700	144.6%	179.5%	7 887
Service charges - refuse revenue	3 402	1 996	5 398	6 864	1 466	127.2%	201.8%	6 344
Service charges - other	–	–	–	–	–	-	-	–
Rental of facilities and equipment	434	81	515	349	(167)	67.7%	80.3%	270
Interest earned - external investments	263	–	263	323	60	122.7%	122.7%	640
Interest earned - outstanding debtors	526	474	1 000	784	(216)	78.4%	149.1%	752
Dividends received	–	–	–	–	–	-	-	–
Fines, penalties and forfeits	3 636	–	3 636	3 115	(521)	85.7%	85.7%	2 789
Licences and permits	121	–	121	5	(116)	4.4%	100.0%	71
Agency services	1 136	(702)	434	441	7	101.7%	38.9%	1 035
Transfers and subsidies	49 479	–	49 479	52 943	3 464	107.0%	107.0%	51 857
Other revenue	808	76	884	3 166	2 282	358.3%	391.9%	3 164
Gains on disposal of PPE		–	–	–	–	100.0%	100.0%	–
Total Revenue (excluding capital transfers and contributions)	137 219	7 154	144 373	151 948	7 575	105.2%	110.7%	132 825
Expenditure By Type								
Employee related costs	65 096	(294)	64 802	59 879	(4 923)	92.4%	92.0%	57 037
Remuneration of councillors	4 919	–	4 919	5 035	116	102.4%	102.4%	4 962
Debt impairment	15 104	–	15 104	26 301	11 196	174.1%	174.1%	21 413
Depreciation & asset impairment	11 617	–	11 617	11 325	(292)	97.5%	97.5%	10 863
Finance charges	5 218	–	5 218	21 506	16 288	412.2%	412.2%	17 864
Bulk purchases	42 400	–	42 400	40 979	(1 421)	96.6%	96.6%	37 859
Other materials	5 004	25	5 029	2 241	(2 788)	100.0%	100.0%	1 648
Contracted services	10 613	(420)	10 193	–	(10 193)	-	-	–
Transfers and grants	–	–	–	–	–	100.0%	100.0%	–
Other expenditure	25 100	26	25 126	21 292	(3 834)	84.7%	84.8%	23 827
Loss on disposal of PPE	–	–	–	400	400	100.0%	100.0%	(826)
Total Expenditure	185 071	(663)	184 408	188 958	4 550	102.5%	102.1%	174 645
Surplus/(Deficit)	(47 851)	7 816	(40 035)	(37 010)	3 024	92.4%	77.3%	(41 821)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	28 855	–	28 855	26 620	(2 235)	92.3%	92.3%	14 584
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–	100.0%	100.0%	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	100.0%	100.0%	–
Surplus/(Deficit) for the year	(18 996)	7 816	(11 180)	(10 391)	789	92.9%	54.7%	(27 237)

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING

Description	2018/2019							2017/2018
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
Capital expenditure - Vote								
Multi-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	–	–	-	-	–
Corporate and Human Resources	–	–	–	–	–	-	-	–
Finance	–	–	–	–	–	-	-	–
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	–	–	–	–	–	-	-	–
Health Services	–	–	–	–	–	-	-	–
Waste Management	–	–	–	–	–	-	-	–
Public Works	–	–	–	–	–	-	-	–
Electricity	–	–	–	–	–	-	-	–
Water	–	–	–	–	–	-	-	–
Waste Water Management	–	–	–	–	–	-	-	–
Traffic	–	–	–	–	–	-	-	–
Capital multi-year expenditure	–	–	–	–	–	-	-	–
Single-year expenditure								
Municipal Manager	–	–	–	–	–	-	-	–
Council	–	–	–	–	–	-	-	–
Corporate and Human Resources	–	–	–	340	340	100.0%	100.0%	145
Finance	–	–	–	1 790	1 790	#DIV/0!	#DIV/0!	–
Libraries	–	–	–	–	–	-	-	–
Cemetary	–	–	–	–	–	-	-	–
Parks and Recreation	–	–	–	–	–	-	-	25
Health Services	–	–	–	–	–	-	-	–
Waste Management	1 919	–	1 919	–	(1 919)	-	-	–
Public Works	12 527	–	12 527	10 801	(1 726)	86.2%	86.2%	711
Electricity	8 053	–	8 053	5 232	(821)	88.4%	100.0%	9 903
Water	7 500	–	7 500	1 488	(6 014)	100.0%	100.0%	2 457
Waste Water Management	3 027	–	3 027	6 522	3 495	100.0%	100.0%	–
Traffic	–	–	–	–	–	-	100.0%	–
Capital single-year expenditure	31 026	–	31 026	26 171	(4 855)	84%	84%	13 241
Total Capital Expenditure - Vote	31 026	–	31 026	26 171	(4 855)	84%	84%	13 241
Capital Expenditure - Standard					–	-	-	
Governance and administration	–	–	–	2 130	2 130	#DIV/0!	#DIV/0!	145
Executive and council	–	–	–		–	-	-	–
Budget and treasury office	–	–	–	1 790	1 790	#DIV/0!	#DIV/0!	–
Corporate services	–	–	–	340	340	100.0%	100.0%	145
Community and public safety	–	–	–	–	–	-	-	25
Community and social services	–	–	–	–	–	-	-	–
Sport and recreation	–	–	–	–	–	-	-	25
Public safety	–	–	–	–	–	-	100.0%	–
Housing	–	–	–	–	–	-	-	–
Health	–	–	–	–	–	-	-	–
Economic and environmental services	12 527	–	12 527	10 801	(1 726)	86.2%	86.2%	711
Planning and development	–	–	–	–	–	-	-	–
Road transport	12 527	–	12 527	10 801	(1 726)	86.2%	86.2%	711
Environmental protection	–	–	–	–	–	-	-	–
Trading services	18 499	–	18 499	13 240	(5 259)	71.6%	71.6%	12 360
Energy sources	6 053	–	6 053	5 232	(821)	86.4%	86.4%	9 903
Water management	7 500	–	7 500	1 486	(6 014)	100.0%	100.0%	2 457
Waste water management	3 027	–	3 027	6 522	3 495	100.0%	100.0%	–
Waste management	1 919	–	1 919	–	(1 919)	-	-	–
Other	–	–	–	–	–	-	-	–
Total Capital Expenditure - Standard	31 026	–	31 026	26 171	(4 855)	84%	84%	13 241
Funded by:					–	-	-	
National Government	28 855	–	28 855	22 111	(6 744)	76.6%	76.6%	12 155
Provincial Government	–	–	–	1 478	1 478	100.0%	100.0%	–
District Municipality		–	–	246	246	#DIV/0!	#DIV/0!	–
Other transfers and grants		–	–	–	–	-	-	–
Transfers recognised - capital	28 855	–	28 855	23 835	(5 020)	83%	83%	12 155
Public contributions & donations	–	–	–	175	175	100.0%	100.0%	–
Borrowing	–	–	–	1 790	1 790	100.0%	100.0%	–
Internally generated funds	2 171	–	2 171	371	(1 800)	17.1%	17.1%	1 086
Total Capital Funding	31 026	–	31 026	26 171	(4 855)	84%	84%	13 241

APPENDIX E - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
CASH FLOWS

Description	2018/2019							2017/2018
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, penalties & collection charges	11 098	(289)	10 809	12 655	1 846	117.1%	114.0%	11 811
Service charges	57 596	7 514	65 110	54 932	(10 177)	84.4%	95.4%	67 563
Other revenue	6 135	(545)	5 590	6 163	573	110.2%	100.5%	8 700
Government - operating	49 479		49 479	51 953	2 474	105.0%	105.0%	46 538
Government - capital	–		–	27 296	27 296	#DIV/0!	#DIV/0!	29 652
Interest	789	474	1 263	1 107	(156)	87.7%	140.3%	1 392
Dividends	–		–	–	–	-	-	–
Payments								
Suppliers and employees	(153 132)	663	(152 469)	(100 549)	51 920	65.9%	65.7%	(135 956)
Finance charges	(5 218)	–	(5 218)	(21 506)	(16 288)	412.2%	412.2%	(17 864)
Transfers and Grants	–	–	–	–	–	-	-	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	(33 252)	7 816	(25 436)	32 051	57 487	-126.0%	-96.4%	11 836
					–	-	-	
CASH FLOWS FROM INVESTING ACTIVITIES					–	-	-	
Receipts								
Proceeds on disposal of PPE	28 855	–	28 855	243	(28 612)	100.0%	100.0%	2 383
Decrease (Increase) in non-current debtors	–	–	–		–	-	-	–
Decrease (Increase) other non-current receivables	–	–	–	–	–	-	-	–
Decrease (Increase) in non-current investments	–	–	–	–	–	-	-	–
Payments					–	-	-	
Capital assets	(31 026)	–	(31 026)	(24 206)	6 820	78.0%	78.0%	(13 708)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(2 171)	–	(2 171)	(23 963)	(21 792)	1103.8%	1103.8%	(11 316)
					–	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES					–	-	-	
Receipts					–	-	-	
Short term loans	–	–	–	–	–	-	-	–
Borrowing long term/refinancing	–	–	–	–	–	-	-	–
Increase (decrease) in consumer deposits	10	–	10	3	(7)	31.4%	31.4%	(7)
Payments								
Repayment of borrowing	(1 856)	–	(1 856)	(2 675)	(819)	144.1%	144.1%	(1 722)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1 846)	–	(1 846)	(2 672)	(826)	144.7%	144.7%	(1 729)
					–	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD	(37 269)	7 816	(29 453)	5 416	34 870	-18.4%	-14.5%	(1 209)
Cash/cash equivalents at the year begin:	100	–	100	1 214	1 114	100.0%	100.0%	2 423
Cash/cash equivalents at the year end:	(37 169)	7 816	(29 353)	6 630	35 158	-22.6%	-17.8%	1 214